

Cup of Insults

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TODAY:
LEISURE
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Economies Build Steam In Germany and France

But in Britain, Bank of England Puts Up Interest Rates to Head Off Signs of Inflation

By John Schmid
International Herald Tribune

FRANKFURT — Germany and France, the two economies at the heart of Europe's single currency, reported converging growth rates Thursday, with the German economy steaming ahead at the fastest pace since the country's 1990 unification.

In an unexpected contrast, the Bank of England stunned British manufacturing and financial industries with an unexpected quarter-point rise in interest rates as it tried to stamp out signs of inflation in an already slowing economy.

Leaders of British labor and industry criticized the move, saying it would hasten Britain down the path toward full recession.

"It just tells you that the British cycle is at a completely different stage from the rest of Europe, which is at the beginning of a recovery," said Adolf Ro-

senstock, chief economist in Frankfurt at the Industrial Bank of Japan.

In the first official readings of their 1998 economic performances, France said its first-quarter gross domestic product had expanded 3.5 percent from the first quarter of last year, while Germany reported a first-quarter GDP growth rate of 3.8 percent, the highest since 1990.

Based on those figures, activity in the Continent will most likely outpace British growth for the first time in five years, said Jan Hatzuis, economist in Frankfurt at Goldman, Sachs & Co. Britain has opted to remain outside the newly created bloc of nations united by the single currency, the euro, to be launched in January.

In Britain, the manufacturing sector remains mired in recession, at least in technical terms with two consecutive quarters of downturn, making the interest-rate tightening on Thursday virtually unexpected throughout London's financial center. Even Britain's robust services sector has showed signs of slowing.

Overall, trends in Germany and France — the two biggest economies in the future euro-currency zone — showed that the recovery on the Continent has gathered pace and that stagnant domestic economies have finally begun to show long-awaited signs of liveliness.

"Finally, something is moving in the domestic economy," Mr. Rosenstock said. "Germany has been waiting for this for years."

The first-quarter figures for France showed steady but disappointing growth, economists said.

France's finance minister, Dominique Strauss-Kahn, said that the slump in Asia had slowed French exports.

"This shows the scale of the fallout from Asia, which had been predicted since the autumn, with exports almost stagnating in the first quarter," Mr.

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A doctor lifting a blanket to check Thursday on the condition of a victim of the German train derailment. As rescue operations continued, some bodies were still believed to be in the wreckage.

Germany Pulls 60 Rapid Trains Out of Service After Big Crash

Officials Still Uncertain of Cause Of Derailment but Cite Broken Wheel and Damage to Track

By Alan Cowell
New York Times Service

ESCHDE, Germany — A day after Germany's worst postwar railroad crash killed at least 93 people, the authorities pulled scores of high-speed trains out of service following the discovery of a broken wheel on the express train and damage on the tracks.

"Every relevant part of these trains will be examined to exclude all risks," said Martin Katz, a spokesman for German Rail.

The company has 104 high-speed Inter-City-Express trains in its fleet and Mr. Katz said that those withdrawn were the 60 first-generation expresses in service since 1991.

Officials said that by Thursday night — before rescue workers reached the last wrecked cars — 91 people had died in the wreck and 2 others, railroad employees who were near the tracks at the time, had also been killed. The final tally could rise beyond 100, they said.

The authorities have not said what caused the crash just before 11 A.M. Wednesday when Inter-City-Express 884, on its 500-mile (800-kilometer) journey from Munich to Hamburg, plowed into a road overpass at 125 miles an hour.

But investigators reported the first indications of what may have caused the crash.

The police said Thursday that damage to the tracks and debris of a train — not necessarily Inter-City 884 — had been found some four miles south of the overpass.

That meant that the high-speed train may have derailed well before it hit the bridge, bringing hundreds of tons of concrete crashing down onto the middle section of the train.

It would also mean that the speeding train's momentum carried the cars forward until they struck the overpass.

Johannes Ludwig, the head of German Rail, said Thursday that, since there "may have been a problem" with the chassis, the first-generation trains "will go into the workshop and will not leave the workshop until we have found out if there is a problem."

He added that the second generation of express trains had different rolling gear and thus would not be withdrawn.

In a newspaper interview to be published Friday, the transport minister, Matthias Wissmann, said he did not exclude the possibility that a wheel on the car directly behind the lead locomotive had broken and that "this may have been of significance" in the wreck.

Officials said Wednesday that the locomotive had sheared from the rest of the cars, speeding alone and unscathed until an automatic braking system halted it 2,000 yards beyond the overpass.

Indeed, said a survivor, Wolf-Rüdiger Schliebecker, "there was a funny noise about two minutes before the crash. People looked frightened and we looked at each other as if to say: Should we take it seriously?"

"But then the train went on quite normally without braking. I was writing at a table. Then it started again and I held on tight." Other survivors have said they heard a loud noise before the speeding train slewed to

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French Workers Strike Railroad As Pilots Seem Closer to Deal

By Barry James
International Herald Tribune

PARIS — Striking Air France pilots appeared to be closer to an agreement on Thursday that could avoid chaos during the World Cup soccer tournament next week, but rail workers walked out, and traffic in Paris was snarled as tens of thousands of disgruntled workers staged protests in the capital.

Union negotiators resumed talks with Air France management late Thursday after the pilots, at a general meeting, accepted the principle of trading part of their pay for shares in the company, sources close to the pilots said.

On the nation's railroads, a walkout by ticket inspectors demanding higher pay caused varying degrees of disruption. The workers declared a 30-hour strike beginning at 8 P.M. Thursday, causing the cancellation of up to two trains out of three on many lines. But the rail company, SNCF, said international TGV services to Britain, Belgium and Switzerland were operating normally.

Air France managed to operate one out of six of its long-range flights and more than 30 percent of domestic and medium-range flights as the pilots' strike continued for a fourth day. A spokeswoman said the company had substituted large capacity aircraft on several routes to absorb demand. Some of the planes flew with empty seats on domestic routes, airline officials said, although international flights were completely booked.

In the heated atmosphere preceding the World Cup, unions notched up the social tension in Paris. Electricity and gas workers, shipyard workers, department store staff, health, transport and building employees, and even the unemployed marched and protested in Paris.

Traffic came to a halting gridlock as the protesters occupied the center of the city, singing and shouting slogans call-

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Albanians Warn of 'Open War'

Kosovo Leaders Withdraw From Negotiations With Belgrade

Compiled by Our Staff From Dispatches

PRISTINA, Yugoslavia — Ethnic Albanian officials pulled out of talks with the Serbian government on Thursday, demanding a halt to a military offensive that has destroyed villages and sent thousands of people fleeing.

Some 12,000 people have already crossed into Albania, the Albanian Interior Ministry said.

Reeling under an influx of refugees fleeing the Serbian province of Kosovo, Albania has warned that the Serbian Army may be preparing to intrude into Albania itself to hunt down rebels. Such an incursion would drag Albania directly into the Serbia-Kosovo conflict.

Meanwhile, the Albanian foreign minister, Paskal Milo, said that Kosovo was on the brink of "open war," and he urged the international community to get

tough with the Yugoslav leader, Slobodan Milosevic.

"The situation is on the eve of open war," Mr. Milo said in the Ukrainian resort of Yalta, where he was attending a regional summit. "Unfortunately, the Contact Group of countries has given Milosevic much more carrot than stick."

"The Albanian government has called on NATO, the OSCE, the UN and all our partners to decide as soon as possible a solution which will stop ethnic cleansing in Kosovo," he said, warning that the fighting was pushing ethnic Albanians from the province into neighboring Albania.

Germany urged a quick decision on whether to intervene. "NATO will be there to intervene this time

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Big Powers Unite in Condemning Nuclear Tests

Compiled by Our Staff From Dispatches

GENEVA — The five declared nuclear powers on Thursday urged India and Pakistan to halt further nuclear tests following their blasts last month that shocked the world.

In a joint communiqué issued at the end of an emergency meeting here, the foreign ministers of the United States, Britain, France, Russia and China also urged the two countries to stop producing and deploying nuclear weapons and to halt testing and deployment of missiles capable of carrying nuclear arms.

"The ministers agreed that quick action is needed to arrest the further escalation of regional tensions stimulated by the recent nuclear tests,"

the communiqué said. "India and Pakistan should therefore stop all further tests."

The five countries, which are also the permanent members of the United Nations Security Council, called on India and Pakistan to halt new production of fissile materials used to make nuclear weapons.

The communiqué urged India and Pakistan to participate in negotiations at the conference on disarmament in Geneva toward a treaty banning production of fissile material for nuclear ends.

Despite their nuclear explosions, India and Pakistan do not have formal status as nuclear powers, the foreign ministers added. The communiqué said the two countries could not be

admitted to the nuclear club under the terms of the Nuclear Nonproliferation Treaty, which only recognizes Britain, France, Russia, China and the United States as nuclear powers.

The communiqué also urged India and Pakistan to immediately sign the 1996 Comprehensive Test Ban Treaty and the Nonproliferation Treaty without any modification.

The Nonproliferation Treaty, the communiqué said, "is the cornerstone of the nonproliferation regime and the essential foundation for the pursuit of nuclear disarmament."

"Notwithstanding their recent nuclear tests,

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Hong Kong Commemorates Tiananmen

Tens of Thousands Remember the Hundreds Who Died in '89 Massacre

By Keith B. Richburg
Washington Post Service

HONG KONG — Nine years after Chinese troops massacred hundreds of student protesters at Beijing's Tiananmen Square, tens of thousands of people here in this newest and most democratic corner of China gathered after dark in a rain-swept public park to commemorate those who died.

They showed that even under the flag of the Communist mainland, Hong Kongers remain independent and defiant.

And in a demonstration of opposition to the closed political system on the mainland, the rally Thursday night was addressed by some of the most outspoken critics of the central government

in Beijing — exiled dissidents Wei Jingsheng and Wang Dan speaking from the United States, and the labor activist Han Dongfang here. Mr. Wei's remarks were prerecorded, and Mr. Wang, a Tiananmen Square leader nine years ago, spoke to the crowd via a live telephone hookup.

In the past, Chinese leaders have warned against Hong Kong being used as a "base of subversion" against mainland China and its Communist system. But at the rally the speakers urged Hong Kong to be exactly that, using its democratic freedoms as a model to eventually transform all of China.

"Hong Kong will be the bedrock of the democratic movement in China," Mr. Wang said, speaking in Mandarin to the Cantonese-speaking audience.

Mr. Wei, also speaking in heavily Beijing-accented Mandarin, said, "Even though Hong Kong is part of China, Hong Kong is playing a very important role in the democratization of China."

He added, "If Hong Kong people continue fighting for the democratic movement in China, the whole of China will ultimately benefit."

Both Mr. Wei and Mr. Wang were freed by Beijing in the run-up to President Bill Clinton's visit to China later this month.

The Tiananmen anniversary candlelight vigil has become an annual tradition in Hong Kong since the massacre in Beijing jolted this city into political

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A father and son at the Tiananmen rally on Thursday in Hong Kong.

Clinton Wins a Round

High Court Deals Setback to Starr's Inquiry

By Brian Knowlton
International Herald Tribune

WASHINGTON — In a significant victory for President Bill Clinton, the Supreme Court on Thursday denied a request by the independent prosecutor, Kenneth Starr, that it decide on an emergency basis whether White House attorneys and Secret Service agents can be compelled to testify about allegations that the president had a sexual affair and sought to cover it up.

The White House cheered the decision, which followed a string of earlier legal victories for Mr. Starr, and which is certain at least to slow his investigation, and possibly to weaken it.

"The petition for a writ of certiorari before judgment is denied without prejudice," the court said. "It is assumed the Court of Appeals will proceed ex-

peditionously to decide this case." The court, by denying Mr. Starr's request to bypass an appeals court, impedes the independent prosecutor's efforts to obtain testimony from a close presidential confidant, as well as from Secret Service agents whose proximity to the president might have made them key witnesses.

This could have the effect of making Monica Lewinsky, the former White House intern with whom Mr. Clinton allegedly had an affair, even more important as a witness, even as she has secured the services of two prominent attorneys reportedly with the mission of reaching an immunity agreement with Mr. Starr for her testimony.

The victory for the White House appeared to validate the logic of its de-

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RETURN TO FORM — Monica Seles during her 6-3, 6-2 victory Thursday over the top-seeded Martina Hingis in a French Open semifinal. Page 22.

The IHT on-line: www.ihf.com

Shuttle Discovery Collects Last U.S. Astronaut on Mir

HOUSTON (AP) — The space shuttle Discovery docked with Mir Thursday to collect the astronaut Andrew Thomas in NASA's final linkup with the Russian space station.

Operating with an automatic steering system that was repaired just days ago, Mir held steady as the shuttle commander, Charles Precourt, guided Discovery toward the outpost 245 miles (395 kilometers) above the Earth.

Mr. Thomas is the last of seven Americans to live on Mir.

VW Sweetener for Rolls-Royce

In a late sweetener designed to enhance its offer for Rolls-Royce and preempt rival bidders, Volkswagen said Thursday that it would buy the Cosworth engine division of Rolls-Royce's parent company, Vickers.

For Volkswagen, whose bid is already the highest on the table for Rolls-Royce, the move undercuts the strategies of its two rivals and made the German carmaker the favorite to win the battle Friday. Page 15.

The Dollar			
	Thursday @ 4 P.M.	previous close	
New York	1.788	1.7893	
DM	1.6369	1.639	
Pound	1.5845	1.586	
Yen	5.929	5.945	
FF			

The Dow			
	Thursday close	previous close	
+66.76	8870.58	8803.80	
S&P 500			
change	Thursday @ 4 P.M.	previous close	
+12.1	1084.83	1082.73	

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Newsstand Prices			
Andorra	10.00 FF	Lebanon	11.3000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1.600 CFA	Qatar	10.00 QR
Egypt	EE 5.50	Reunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1.100 CFA	Senegal	1.100 CFA
Italy	2.800 Lire	Spain	225 Ptas
Ivory Coast	1.250 CFA	Tunisia	1.250 Dh
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mail (Eur.)	\$1.20



Corrupted Claret? / Chateau Giscours Is Charged

Wine Scandal Shakes Bordeaux

By Frank J. Priol
New York Times Service

IN WHAT could become France's biggest wine scandal in decades, one of Bordeaux's most prestigious wine properties, Chateau Giscours, has been charged with fraudulent winemaking practices.

One of the current winemakers and a former managing director of the chateau's wine operations have been indicted for fraud by a Bordeaux magistrate.

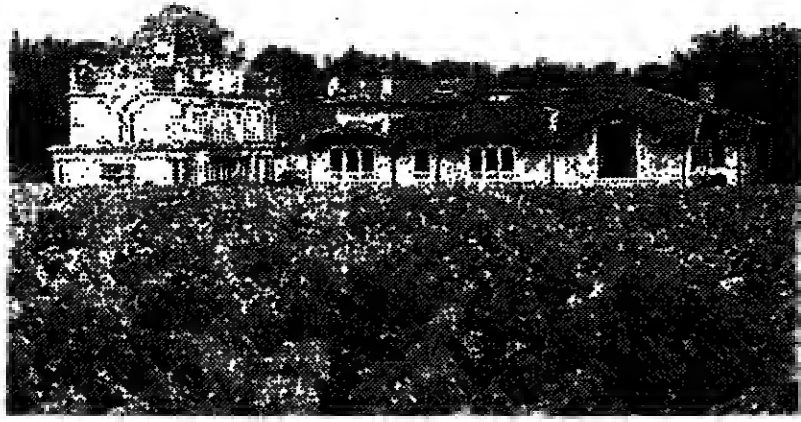
According to the charges, disclosed earlier this week, cheap wine from another district was added to the chateau's wine, wine from two different vintages were blended, sugar was added to the wine to raise the alcohol content, and wood chips were used to give some of the chateau's wine the taste and smell of wine that had been aged in oak barrels.

Giscours, one of the largest estates in the Medoc, was one of the 61 chateaux — out of thousands in Bordeaux — that were included in the 1855 classification which remains the standard by which prestige Bordeaux wines are known.

The investigation had been under way since 1996, when a disgruntled former employee at the chateau told investigators from the government agency known as the Service de Fraude that cheap wine had been mixed with the chateau's prestige vintage wine and that sugar, water and certain acids had been added to some vats of the 1995 vintage, then in the chateau's cellars.

The investigation stemming from those charges took more than two years because, according to the Bordeaux prosecutors, experts had to establish whether these practices were a one-time affair or standard procedure at Giscours.

According to a report in the Bordeaux newspaper Sud-Ouest, the experts concluded that fraudulent techniques, presumably aimed at saving money and artificially enhancing taste, had been used over a period of years. It was while investigating the charges that Giscours had put oak chips or staves in its wine — to fake the taste of barrel-aging — that other



A disgruntled former employee says the chateau, above, has put additives and cheap wine in its vintages.

irregularities were discovered, according to press reports in Paris. The fraud investigators informed the prosecutor's office in Bordeaux, which issued the indictments.

The winemaking process in France is strictly regulated, and wine sold under various quality labels must meet the production and handling requirements for those labels.

In recent years, Giscours had loomed larger than many of its peers in Bordeaux, in part because of its size — it is one of the largest wine properties in the region — in part because its wines were usually of good quality and reasonable price, and in part because of the tireless promotional efforts of its owner in the 1970s and '80s, Pierre Tari.

M. R. TARI, dynamic and articulate, traveled the world selling his wine, headed various professional organizations in Bordeaux, and even fielded his own polo team at Giscours. He much preferred to be photographed with a polo mallet than with a glass of wine.

The charges against Chateau Giscours came at what could be a critical time for Bordeaux. Prices for Bordeaux wines have reached levels un-

dreamed of even a decade ago, prompting accusations of greed and arrogance against the chateau owners and the exporters who serve as middlemen for much of the Bordeaux's most expensive wines.

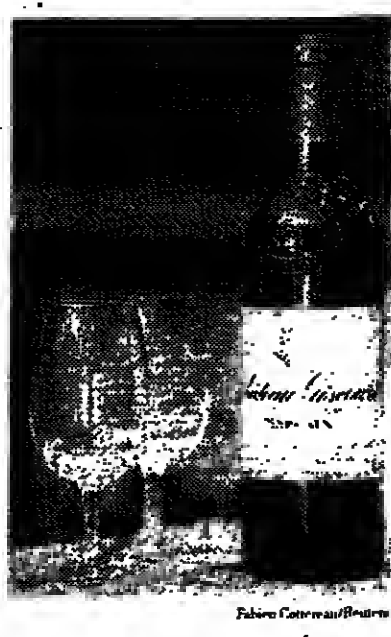
Citing the Giscours affair, several French wine commentators noted that when one property is accused of fraud, suspicion quickly falls on the entire region.

They recalled the scandals of 1972 and 1973 in which one of the most famous exporters, the Cruse firm, was found guilty of offenses similar to those with which Giscours is charged.

In the aftermath, the entire Bordeaux market collapsed. Other export firms went bankrupt, chateaux were shuttered or sold, and the wine business did not recover until the end of the decade.

The Tari family moved to Bordeaux in 1952 from Algiers, where they had made a fortune in winemaking. When they bought Giscours that year, it had been neglected for years. Only about 20 of its 750 acres were still planted in vines. They improved the property and produced some excellent wines.

Because of long-standing family disputes, the quality of the wine



Eric Alhade, owner of Chateau Giscours.

suffered in the late 1980s and early 1990s, and the family sold the vineyards in 1995 to a Dutch investor, retaining the chateau.

Differences among the Tari and Alhade families over the sale and the chateau's future led to a bitter legal battle. The Tari family, who preceded him as head of Giscours, and his daughter, Nicole, who succeeded him, and who both live at the chateau, only by fax.

BOTH THE elder Tari and Nicole opposed the sale and have retained the chateau and part of the estate. One chateau employee told Le Monde that the family feud cost the father and daughter almost \$20,000 a month in lawyers' fees.

The new owner, Eric Alhade, is said to know little about wine and rarely visits Bordeaux. He is said to have talked to the examining magistrate in Bordeaux, the equivalent of a prosecutor in the United States, but was not charged.

Chateau Giscours wines are generally respected by the critics, both in France and in the United States, but they have not been singled out for exceptional praise for many years.

Commenting on the 1996 vintage, which is now on the market, the critic Robert Parker Jr. wrote last year: "A commercial style of winemaking has resulted in a deep ruby-colored 1996 Giscours that is forward, soft and fruity but lacking class, complexity and depth."

UN Prolongs Briefing On Saddam's Weapons

Security Council Shown Secret Photographs

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Armed with spy-plane and satellite photographs never before shown to diplomats, United Nations arms inspectors have given the Security Council evidence that they have gathered in an attempt to counter Iraq's contentions that it has disarmed and deserves to have sanctions lifted.

An unexpected second day of briefings was held Thursday.

The U.S. representative, Bill Richardson, said he was encouraged by the presentation, which began while a small group of American protesters marched outside the UN headquarters and called for an end to the embargo that was imposed after Iraq invaded Kuwait in 1990. The United States and Britain are the strongest advocates on the council for continued sanctions.

"Iraq has been dealt a devastating blow to its credibility," Mr. Richardson said after several hours of seeing graphic projections and photographic evidence relating to President Saddam Hussein's long-range missile program. "I think Iraq had a bad day here."

Detailed briefings on the Iraqi biological and chemical weapons programs were given Wednesday in what was to be the concluding session of a special meeting called to lay out a "road map" toward the end of sanctions.

But the Security Council president for June, Antonio Monteiro of Portugal, adjourned the meeting just before 6 P.M. and scheduled the second day of briefings to hear about Iraqi methods of concealing evidence.

The council will also be told about the range and importance of documents that are missing from Baghdad's accounts of its programs.

The meetings began with a general history of the experience that the UN Special Commission has had with Mr. Saddam's government. Since 1991 the inspectors have been charged with eliminating Iraqi weapons of mass destruction.

Inspectors recalled the breakthrough of 1995, when the defection of a so-called Mr. Saddam led to the finding of considerable evidence that Iraq had been concealing. That came to light just as

some inspectors were confident that they were nearing the end of their work.

Diplomats described the unusually detailed technical presentation on the missile system as useful but said that it was too soon to know whether the proceedings had changed minds on the 15-member council, which seems to be losing interest in Iraqi sanctions after nearly eight years.

The French, Russians and Chinese, considered to be the countries most sympathetic to Iraq, asked probing questions, diplomats said.

The three countries have put the inspectors under considerable pressure to find new violations or end the disarmament process of their work and graduate Iraq to long-term monitoring.

U.S. Condemns 2 Terror Bombings In Iranian Capital

Reuters

WASHINGTON — The United States on Thursday condemned two rebel bomb attacks in the Iranian capital, Tehran, in which three people were killed and six wounded.

The State Department noted in a statement that People's Mujahedin, the group that took responsibility for the attacks, was included on the U.S. list of terrorist organizations.

"We offer our condolences to the victims," the statement said. "The United States government reiterates its strong condemnation of any and all terrorist attacks wherever they occur."

The rebel group quickly responded in a statement from its Paris office, accusing the State Department of trying to please the Iranian government.

One explosion, the first of two in Tehran on Tuesday, killed three people at an Islamic Revolutionary court house.

Iran's official press agency, IRNA, said a second explosion occurred Tuesday night in a military industrial building in the capital, without causing casualties.

Ethiopian Backs Peace Plan on Border

Continued from Page 1

ADDIS ABABA — Prime Minister Meles Zenawi of Ethiopia said Thursday that he had accepted a peace plan aimed at ending border clashes with Eritrea.

The four-point plan was proposed by the United States and Rwanda.

Mr. Zenawi said Ethiopia "fully accepts" the peace plan, but he ordered his country's defense forces to "take all necessary measures against repeated aggressions of the Eritrean government and to safeguard the territorial integrity of the country."

The U.S. and Rwandan governments undertook a mediation effort two weeks ago at the request of the two sides. The conflict has steadily es-

calated since mid-May, fueling fears it could create a new war zone in the Horn of Africa.

An American official trying to negotiate a peaceful settlement to a border dispute between Ethiopia and Eritrea said earlier that Ethiopia could be prepared to accept a joint U.S.-Rwandan proposal to defuse the conflict.

"Prime Minister Meles Zenawi has indicated to me that he would be prepared to accept the proposal after consulting his government," the official, Susan Rice, assistant secretary of state for African affairs, said at a news conference here.

Ms. Rice did not mention any Eritrean response to the peace plan.

On Wednesday, Ethiopian

troops pummeled two Eritrean villages in the disputed border region with artillery shells, witnesses said. Ethiopian and Eritrean troops also battled for most of the day with artillery, mortars and small arms.

There were no reports about casualties.

The head of the Organization of African Unity urged African leaders on Thursday to throw the weight of the continent behind efforts to pull the two countries back from the brink of war.

Secretary-General Salim Ahmed Salim, addressing a meeting of African foreign ministers ahead of the OAU summit meeting next week in Burkina Faso, urged the two sides to end border skirmishing and find a peaceful solution to their differences.

"They owe it to their peoples and to Africa to settle this crisis peacefully," he said at the opening session of the two-day meeting.

"I wish to, once again, appeal to the leaders of both countries to exercise maximum restraint, to put an end to the fighting and explore all avenues for an early and peaceful solution to the crisis," he said.

In Washington, the State Department spokesman, James Rubin, said the U.S. was "gravely concerned"

that neither country had agreed on principles outlined to them for a settlement.

Rwanda echoed the concerns on Thursday.

"We are gravely concerned by the resumption of hostilities in recent days, which will render more difficult effort to achieve a peaceful outcome," the Rwandan Foreign Ministry said in a statement in Kigali.

"Having excellent relations with the governments of both Eritrea and Ethiopia," the statement said, "Rwanda and the United States sought to encourage both parties to protect peace that has taken root in the Horn of Africa since 1991."

The Rwandan vice president and defense minister, Major General Paul Kagame, has traveled to Addis Ababa and Asmara for talks.

Eritrea, which has continued to send troops to border areas, has insisted that it is not occupying any Ethiopian territory and claims that its troops are on Eritrean land, as determined by boundaries traced by Italy when it occupied Eritrea in 1885.

The proposal calls on both parties to "swift and binding" delimitation of their border in accordance with "established colonial treaties and international law." (AFP, AP, Reuters)

U.S. Warns on Travel to Indonesia

WASHINGTON (Reuters) — The State Department has told U.S. citizens to delay all nonessential travel to Indonesia, saying that the political and economic situation is still unsettled.

"Americans in all parts of Indonesia should employ caution and avoid large crowds, demonstrations, and other activities that could place them inadvertently at risk," the department said in a travel warning issued last Wednesday. Washington evacuated nonessential U.S. embassy and consulate staff and their families from Indonesia in May.

Citing the possibility of robbery and two cases of expatriates being killed after entering taxis, the department counseled Americans to hire taxis from lines at major hotels or to call a taxi company, rather than hailing them on the streets.

Vienna to Provide 2,500 Bicycles

VIENNA (AFP) — Authorities in Vienna hope to ease traffic congestion in the city center by supplying 2,500 bicycles free

of charge starting next year, an organizer of the project said. People will be required to make deposits for the bicycles by inserting a coin into a lock, a system similar to those used for supermarket shopping carts. The bikes will be available at 220 collection points, mainly in the city center, where traffic is heaviest. They will be marked "Free" to deter theft.

Spanish air traffic controllers reached a preliminary agreement with the airports authority AENA and pledged that there would be no more work-to-rule protests like the two-day slowdown that paralyzed airports last week. (Reuters)

Cyprus Airways workers called off a 24-hour strike that had been scheduled for Friday, after talks were set for late Thursday on wages and benefits, said an official of Cynika, the union the represents half of the airline's employees. (AFP)

All Nippon Airways will soon be flying two jumbo jets decorated with characters from the popular "Pokemon" television cartoon series, an airline spokesman said. (AP)

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.

Legend: sunny, partly cloudy, cloudy, showers, thunderstorms, rain, snow, fog, ice, etc.

Maps, forecasts and data provided by AccuWeather, Inc. ©1998 - http://www.accuweather.com

Europe: High/Low, Wind, Precipitation, Clouds, etc.

North America: High/Low, Wind, Precipitation, Clouds, etc.

Asia: High/Low, Wind, Precipitation, Clouds, etc.

Africa: High/Low, Wind, Precipitation, Clouds, etc.

Oceania: High/Low, Wind, Precipitation, Clouds, etc.

South America: High/Low, Wind, Precipitation, Clouds, etc.

Antarctica: High/Low, Wind, Precipitation, Clouds, etc.

Arctic: High/Low, Wind, Precipitation, Clouds, etc.

Tropical: High/Low, Wind, Precipitation, Clouds, etc.

Subtropical: High/Low, Wind, Precipitation, Clouds, etc.

Temperate: High/Low, Wind, Precipitation, Clouds, etc.

Cold: High/Low, Wind, Precipitation, Clouds, etc.

Hot: High/Low, Wind, Precipitation, Clouds, etc.

Wet: High/Low, Wind, Precipitation, Clouds, etc.

Dry: High/Low, Wind, Precipitation, Clouds, etc.

Cloudy: High/Low, Wind, Precipitation, Clouds, etc.

Sunny: High/Low, Wind, Precipitation, Clouds, etc.

Partly Cloudy: High/Low, Wind, Precipitation, Clouds, etc.

Partly Sunny: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Sunny: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Cloudy: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Rainy: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Stormy: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Foggy: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Snowy: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Icy: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Windy: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Breezy: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Calm: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Mild: High/Low, Wind, Precipitation, Clouds, etc.

Mostly Warm: High/Low, Wind, Precipitation, Clouds, etc.

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Voters Say 'No' To Neophytes And the Rich In California

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THE AMERICAS

World's First Large-Scale Test of AIDS Vaccine Approved

By Rick Weiss
Washington Post Staff Writer

WASHINGTON — A California company has received permission from the U.S. Food and Drug Administration to conduct the world's first large-scale test of an AIDS vaccine.

Company officials say they will start offering the vaccine to thousands of healthy U.S. volunteers later this month. The agency is considering a request by the company to conduct similar tests in Thailand.

The go-ahead represents a major turning point in the agonizingly difficult, decade-long effort to develop and test a vaccine against AIDS. Of the dozens of other experimental AIDS vaccines developed over the years, none have ever been deemed worthy of such a large, expensive test.

Several experts cautioned that the milestone was

not so much an endorsement of the vaccine's potential — which many believe is not especially great — as it is a sign of a change in strategy.

Given the lack of certainty about what type of vaccine may work, many scientists now believe they must test several candidates in large trials rather than in smaller tests.

"Even if it's 100 percent negative results, learning that is worth doing the trial," said Peggy Johnston, vice president for scientific affairs at the International AIDS Vaccine Initiative, a Washington-based nonprofit organization. "The only failed trial is one that gives no answers."

Although new medicines have recently led to a decline in AIDS deaths, their long-term usefulness remains unknown, and they are unaffordable to many — especially in developing countries, where 90 percent of new infections are occurring. For those reasons, health officials agree that an effective

vaccine is the only way to stop the epidemic.

Counterbalancing the urgency to find such a vaccine, however, is a concern that premature testing of candidate vaccines might actually interfere with success. It's not easy to gather thousands of uninfected, at-risk people for inclusion in such trials, and scientists don't want to deplete that pool before the best vaccines come along.

Researchers also worry that volunteers getting less than perfect vaccines — or placebos — may wrongly assume they are protected, and so may increase their risk-taking behavior and foster the spread of the AIDS virus, HIV.

The AIDS VAX vaccine, made by VaxGen of South San Francisco, is to be tested in 3,000 gay men currently uninfected with HIV and in heterosexual couples with one infected partner. Two-thirds of the volunteers will get injections of the vaccine every six months for three years, and one-

third will get shots of an inactive placebo.

Although all volunteers will get training in safe sex and other ways to avoid becoming infected with HIV, it is expected that some individuals will periodically put themselves at risk and become infected.

At the end of three years, researchers and volunteers will learn for the first time who got the real vaccine and who got dummy shots.

An FDA spokesman said the approval was based on evidence that the vaccine was safe and was not an indication of the agency's confidence that it will work.

VaxGen's president, Donald Francis, said he was confident the vaccine would be at least somewhat effective. "The question," he said, "is how effective."

Other scientists familiar with the product said they believed the answer was, "Not very."

POLITICAL NOTES

Timber Industry To Lose a Subsidy

WASHINGTON — After years of bitter debate over logging on public lands, House Republican leaders have agreed to end one of the federal government's long-standing subsidies for the timber industry.

For decades, companies that harvest logs from national forests have been able to offset the costs of roads that they first must carve into the woods. In compensation for those road-building expenses, the Forest Service has given the companies credits that have been used to reduce the price for trees taken from public lands.

For years, environmental advocates and opponents of government subsidies for businesses have fought the practice as economically wasteful and ecologically foolhardy. Quite apart from the logging, the forest roads break up wildlife habitat and promote erosion that scars the land and fills clean streams with sediment, environmental groups say.

Republican lawmakers on both sides of the debate decided it was time to concede victory to the industry's opponents and to accept the Clinton administration's proposals to end the subsidy program, which is known as the timber purchaser road credit. (NYT)

White House Pets Planning Books

NEW YORK — More tails from the White House: First pets Socks and Buddy are venturing into publishing. Actually, Hillary Rodham Clinton will do the work, compiling letters from children to the family's cat and dog with 50 to 60 pictures of the pets into a book called "Dear Socks, Dear Buddy."

Simon & Schuster will publish the book in November; the company said Wednesday. Linda Kulkarni, a Washington journalist, will help write it.

Mrs. Clinton will write an introduction emphasizing the importance of writing to the intellectual development of children.

She will receive no advance, and her earnings will go to the National Park Foundation, a nonprofit partner of the National Park Service. Simon & Schuster also will donate part of its proceeds to the foundation. (AP)

A Nod From Bush

SINGAPORE — George Bush, the former U.S. president, said Thursday that he approved of President Bill Clinton's planned visit to China and his renewal of its most-favored-nation trade status. Both Clinton moves are under fire from many of Mr. Bush's fellow Republicans.

On Mr. Clinton's planned visit to China from June 25 to July 3, Mr. Bush said, "It would be an important trip. Yes, it would be constructive."

Asked if he supported the lowest-tariff status for China, Mr. Bush said, "Absolutely. I fought hard for it when I was president, and I'm strongly in favor of it." (Reuters)

Voters Say 'No' To Neophytes And the Rich In California

By Dan Balz
Washington Post Staff Writer

LOS ANGELES — Politicians have spent much of the 1990s running away from their résumés to avoid the wrath of the angry voter. But if California is any guide at the midpoint of this midterm election year, the bias against politicians has begun to fade, and government experience may actually be an asset.

Political experience trumped money in the two premier primaries in California on Tuesday. At the same time, government experience triumphed

NEWS ANALYSIS

over business experience. With the booming economy draining much of the anger from the electorate, voters here turned their backs on wealthy political novices who promised big changes in favor of plodding insiders who offered competence and continuity.

Al Checchi, a business executive, spent perhaps \$40 million of his own money pursuing the Democratic gubernatorial nomination and ended up a distant second to Lieutenant Governor Gray Davis.

Mr. Davis also defeated another self-financed millionaire, Representative Jane Harman of Los Angeles, and he will now face Attorney General Dan Lungren, a Republican, in the race to succeed the retiring Republican governor, Pete Wilson, in the fall.

In the Republican Senate campaign, the state treasurer, Matt Fong, was heavily outspent by another business executive, Darrell Issa, but he won anyway. He will face Senator Barbara Boxer, a Democrat, in November.

The results of Tuesday's primaries underscored how much the political environment has changed. Six years ago, this state helped propel Ross Perot into the presidential race and sent two Democratic women to the Senate. Two years later, California symbolized an election year shaped by anger, conservative ideology and money, and Republicans captured the House and the Senate.

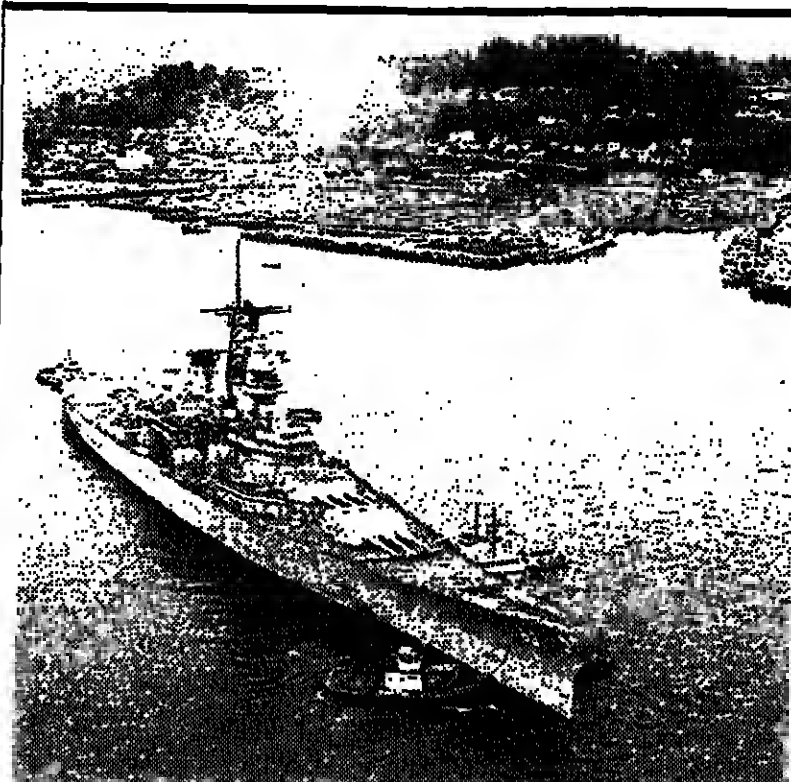
California loog has been a political incubator, and there may be clues from Tuesday's primaries to the forces at work this year. But some analysts warned against jumping to conclusions, particularly about the role of money and negative advertising.

At one time, voters had a bias in favor of candidates with a business background, believing they had the kind of executive skills needed to make government more efficient.

But the Perot campaigns of 1992 and 1996 and the 1994 Senate campaign by Michael Huffington, the Republican who spent about \$30 million of his own money in an unsuccessful effort to unseat Senator Dianne Feinstein, helped change that in California.

Because of the high cost of campaigns, both political parties have sought to recruit candidates who can finance their campaigns. But as Sherry Bebitch Jeffe, a political analyst at Claremont College put it: "Money can buy admission to the arena, but it can't buy the game."

Mr. Checchi's barrage of negative ads worked effectively in destroying Ms. Harman's campaign after she had surged into a lead. But the three-way primary proved Mr. Checchi's undoing. His ads not only hurt Ms. Harman, they also produced a backlash against Mr. Checchi. Mr. Davis, who stayed out of the early exchanges because he had less money, became the beneficiary. Mark DeCamillo of the independent Field Poll in California explained: "In a three-way contest, flinging mud against one of the opponents can be misguided if there's a third candidate voters can go to."



HEADING TO SEA — The battleship Missouri being towed into the Columbia River in Astoria, Oregon, as she begins her trip to Pearl Harbor, Hawaii, to join the sunken battleship Arizona in a World War II memorial. Japan surrendered on the deck of the Missouri.

Away From Politics

• Douglas Edward Gretzler, who admitted killing 17 people during a 21-day rampage across Arizona and California, apologized for the slayings moments before he was executed by lethal injection in Florence, Arizona. (AP)

• The howl of wolves will be heard in northern New Jersey in mid-July for the first time in at least 200 years, when the second U.S. refuge for wolves opens across the region's stretch of the Appalachian Trail and upper reaches of the Delaware River. (Reuters)

• The threat of more haze from continuing fires in Mexico and Central America persuaded the Texas environmental agency to reissue a health alert a week after it was lifted. Smoke is expected to continue to shroud the Lower Rio Grande Valley. (AP)

• An 11-year-old boy accused of beating and sexually assaulting a 3-year-old girl in Dallas said he hit her but denied any sexual abuse. (Reuters)

• A Border Patrol agent in Arizona was shot to death while trying to arrest five suspected marijuana smugglers. Alexander Kirpnick, 27, was shot in the head after he and his partner had stopped the suspects and Mr. Kirpnick had ordered two of them to sit. (AP)

U.S. Seizes Palestinian Wanted in '82 Bombing

By Roberto Suro
and Bill Miller
Washington Post Staff Writers

WASHINGTON — Nearly 15 years after he was first hunted by U.S. law enforcement officials, a Palestinian alleged to have been among the most skillful Middle East terrorists of the 1980s was secretly bundled out of Egypt and flown to the United States to face charges in a federal court here.

Mohammed Rashid, 51, pleaded not guilty Wednesday to a nine-count indictment on charges of murder, sabotage and other crimes in the midair bombing in 1982 of a Pan Am flight bound from Japan to Honolulu that killed one passenger and wounded 15.

Through most of the 1980s, Mr. Rashid allegedly helped lead a Palestinian terrorist group, based in Iraq, that specialized in making highly sophisticated bombs. The "15th of May" organization typically recruited unwitting couriers to place the explosives on planes or in public places and was linked to about 20 attacks.

"He was one of the most deadly Middle East terrorists during a very deadly era, and for a long time he was very successful at getting away with it," said Victoria Toensing, a counterterrorism official at the Justice Department during the Reagan administration. "Rashid's arrest shows that the United States has a long memory about terrorism."

As a matter of policy, cases involving terrorist acts against Americans overseas are kept open by the Justice Department and the Federal Bureau of In-

vestigation even when no active leads have developed for years. When a suspect like Mr. Rashid has been identified and indicted for a crime, the cases are reactivated whenever the suspect's whereabouts become known.

In Mr. Rashid's case, U.S. officials knew for some time that he was in Egypt and recent diplomatic contacts generated some hope that the Egyptian government, which had detained Mr. Rashid, might allow the United States to take him into custody, according to sources familiar with the case. But word that the Egyptian authorities were ready to permit his arrest came as a surprise this week. A team of FBI agents and a government plane were sent to retrieve him, sources said.

U.S. and Israeli officials have concluded that the 15th of May group was responsible for as many as 20 terrorist acts or attempted acts from 1980 to 1988. Eight persons were killed and dozens wounded in attacks laid to the group. With the help of a confessed 15th of May courier, Adnan Awad, who entered the U.S. witness protection program, an indictment was issued in 1987 for the bombing of the Pan Am flight.

On a tip from U.S. intelligence, Mr. Rashid was arrested in Athens in 1988, but the Greek government rejected a U.S. request for extradition. After repeated delays and under considerable diplomatic pressure from Washington, the Greek authorities tried Mr. Rashid in 1992 for the Pan Am bombing under an international anti-terrorism treaty and sentenced him to 15 years in prison. But he was released in December 1996 and sent to Egypt.

Too Fat: 55% in U.S.

Optimal Weight Threshold to Be Lowered, Classifying More Americans as Overweight

By Sally Squires
Washington Post Staff Writer

WASHINGTON — The United States plans to change its government definition of what is a healthy weight, a move that would classify millions more Americans as being overweight.

Under the new guidelines, which bring the United States into line with the definition of overweight used by other countries as well as the World Health Organization, about 29 million Americans now considered normal weight will be redefined as overweight.

They will be advised to do everything they can to prevent further weight gain. Those who are already experiencing health effects, like as high blood pressure, elevated cholesterol or diabetes, will be encouraged to lose small amounts of weight — about 6 to 12 pounds (2.7 to 5.4 kilograms) — to bring them back to safer weight levels.

The move has been debated for months within U.S. public health circles, since the guidelines set the standard for doctors to care for the overweight and the obese. They also address such thorny questions as when diet and exercise alone should be used to shed pounds and when drug treatment should be considered and for whom.

With the new guidelines, 97 million adults — nearly 55 percent of the U.S. population — would be considered overweight, placing them at increased risk of such health problems as diabetes, elevated blood cholesterol, heart disease, stroke and high blood pressure.

The guidelines use a measure called body mass index (BMI), which takes into account body weight and height to gauge total body fat in adults. Under the new guidelines, people with a BMI of 25 to 29.9 are considered overweight. For example, at 5 feet 3 inches (1.6 meters), adults who weighed 141 pounds or more would be overweight, while those who are 5 feet 11 inches would be considered obese at 215 pounds.

"We felt that the record was clear and the risk was there," said Xavier Pi-Sunyer, a leading obesity researcher who was chairman of the expert panel that wrote the guidelines for the National Heart, Lung and Blood Institute, which is part of the government's National Institutes of Health. "We felt that we owed it to physicians and their patients to alert them to this fact, although it doesn't mean that everyone needs to go on a diet."

The new guidelines are designed to

try to reduce the health problems caused by weighing too much, an increasing problem in the United States.

But critics say that the new guidelines would classify people as overweight who are not really facing a significant health risk because of their current size. They also worry that the new guidelines would unnecessarily stigmatize overweight people, who are already often struggling to win the battle of the bulge.

Those at odds with some parts of the guidelines also fear that they will open the door to wider use of diet drugs.

The guidelines call for diet drugs to be prescribed in ways consistent with Food and Drug Administration standards, that is, at a BMI of 27 when other risk factors such as diabetes or high blood pressure are also present. When no other risk factors occur, diet drugs should be reserved for use by those who have a BMI of 30 or more, according to the guidelines.

But obesity experts worry that by changing the definition of being overweight, doctors will be tempted to prescribe diet drugs sooner to help patients lose unwanted pounds.

"I want to make sure that the treatment of obesity with drugs is balanced by the risk for being obese or overweight," said Judy Stern, an obesity researcher at the University of California at San Diego, and the only member of an NIH advisory panel to vote against endorsement of the guidelines.

"It is a slippery slope," she said. "If the guidelines go out the way they are, there will be a big push to lower the BMI at which we treat with drugs and that's not justified, given the current drugs."

One of the most vocal critics of the guidelines has been C. Everett Koop, the former surgeon general, who has questioned lowering the cutoff point for what is considered overweight.

"We have so many overweight and obese people in this country and we are trying desperately to get them down to weights that will be more protective," said Mr. Koop, whose organization, Shape Up America!, issued its own weight guidelines in 1996.

"This makes it more complicated," he said. "I worry that people will say: 'This goes too far. I quit.' I think it is like someone being in a race and saying they moved the goal line."

The panel spent three years formulating the guidelines. The final document is scheduled to be officially made public on June 17.

Police in Mexico Raid Opposition-Run Village

Reuters

NICOLAS RUIZ, Mexico — Hundreds of police raided an opposition-run village in the southern Mexico state of Chiapas, firing tear-gas canisters and detaining 147 people, officials said.

Most of those seized Wednesday were freed later, but justice officials said 16 detainees remained in custody.

About 400 police stormed the village of Nicolas Ruiz, 370 miles (600 kilometers) southeast of Mexico City, because the leftist Party of the Democratic Revolution, which governs the town, had expelled a number of families that support the national ruling party, state officials said.

Villagers battled the police briefly with sticks and stones before scores of residents were led away to police vans, Arellano, undersecretary for internal affairs in the state, said at a news conference.

Mr. Madrid said the leftist party had housed 33 families from the village after they switched their political allegiance from the opposition to the Institutional Revolutionary Party, which holds national control.

Villagers said officials had exaggerated the number of families affiliated with the national ruling party and insisted that there were only 23, not 33 as the government said. None had been expelled from the village, they said. Heads of families went of their own accord to the state capital, but their families were not expelled, a local council member said.

Chiapas is Mexico's most politically explosive state. Zapatista rebels took up arms in the state in 1994 demanding improved rights for Mexico's 9 million Indians.

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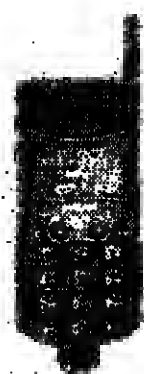
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ASIA/PACIFIC

The Lure of Autonomy in Indonesia

Hinterland's Calls for Change Are Mixed With Fear of Intolerance

By Keith B. Richburg
Washington Post Service

DENPASAR, Indonesia — There are rumblings of discontent in Indonesia's vast hinterland.

As the country embarks on a new era of democracy and reform, the provinces are sending reminders that they, too, participated in the popular uprising that toppled the Suharto regime last month.

Their students marched, their political activists were tear-gassed by riot policemen, and now they want a say in the new political order.

What the provinces want most is more control in managing their own affairs. What they fear is that traditional tolerance of differences may not survive the shift to a democratic political system.

There is enormous religious, ethnic and regional diversity across this sprawling archipelago of 13,500 islands. More than 90 percent of Indonesia's 204 million people follow Islam, but there are also Christians, Hindus and animists. Here on the island of Bali, 93 percent of the people are Hindu, a throwback to A.D. 400 when the first Hindu kingdom was established on Java.

During his 32 years in power, Suharto bequeathed to Indonesia a legacy of religious tolerance, a strong sense of national unity and an Indonesian identity built around a common language. But he also left behind an overly centralized power structure with its seat in Jakarta, and the feeling that out of all the scattered islands that make up this unlikely nation, Java was the first among equals.

"Having a multiethnic culture means

we are all Indonesians," said Luh Ketut Suryani, a psychiatrist and Balinese activist. "But Suharto tried to make us all uniform, so you can't differentiate Jakarta from Surabaya from Denpasar."

"We say that colonialism now comes from our own people," she said. "Not only Balinese say that. In Timor, in Sulawesi, people also say so. Everything comes from Java."

"We feel like a stepchild," she said. The desire for change can be readily seen in Bali. A lively discussion about the future of Indonesia began one recent day with a Ibu Gedung Oka, 76, a retired English professor and longtime local activist, who sat cross-legged on a straw mat at a Hindu ashram. She has seen many phases of Indonesia's tumultuous 20th-century history, and she strongly believes that the country's disparate islands must stay united.

"We are born to stick together," she said. But for many Balinese, like her and her group, the island is being exploited by the central government on Java, which sees Bali's growing tourism as one of the country's most lucrative foreign exchange earners. In the government's race to develop the island, Balinese fear they are losing much of their land, culture and identity. One way they feel they can protect themselves is through more autonomy.

Granting more autonomy means, among other things, ending the practice of provincial governors being appointed by Jakarta, allowing localities more say in how they raise and spend revenue and increasing local control over natural resources. But many fear that the stirrings

for more regional autonomy might be the first step down the slippery slope to separatism. "Once separatism explodes or erupts, it means you have another Yugoslavia," said Christianto Wibisono, director of the Indonesian Business Data Center and a Jakarta political commentator.

Like Yugoslavia or the former Soviet Union, modern-day Indonesia is a bit of a hybrid, created out of the imperial expansion of successive Javanese kings and then consolidated by the Dutch, who added Bali to their island empire in 1906. Predominantly Catholic East Timor, a Portuguese colony, became a part of Indonesia after Suharto's troops invaded it in 1975 and annexed it a year later, sparking worldwide condemnation.

Indonesia's unlikely coming together has given the country a long history of separatist and insurgency movements, from the rebels of mineral-rich Irian Jaya to the East Timorese resistance. There have been secessionist moves in Sulawesi, and in the 1950s an idea was floated about a separate Sumatran state, though it never gathered much momentum. A few exiles in the Netherlands still champion an "independent republic of the Moluccas."

Also, questions persist about Aceh in the far western corner, where many residents adhere to a less tolerant brand of Islam.

Some believe that the inability of any of those movements to succeed or garner wider support suggests that now might be the time to begin experimenting with a bit more provincial autonomy.

"I think we have overcome what the Soviet Union had to go through, because we've already gone through a long period when nearly every region in Indonesia has tried unsuccessfully to separate itself," said Marzuki Darusman, a member of the Indonesian Human Rights Commission in Jakarta.

In Bali, there seems to be strong support for Indonesian unity and little sympathy for suggestions that the island might consider independence.

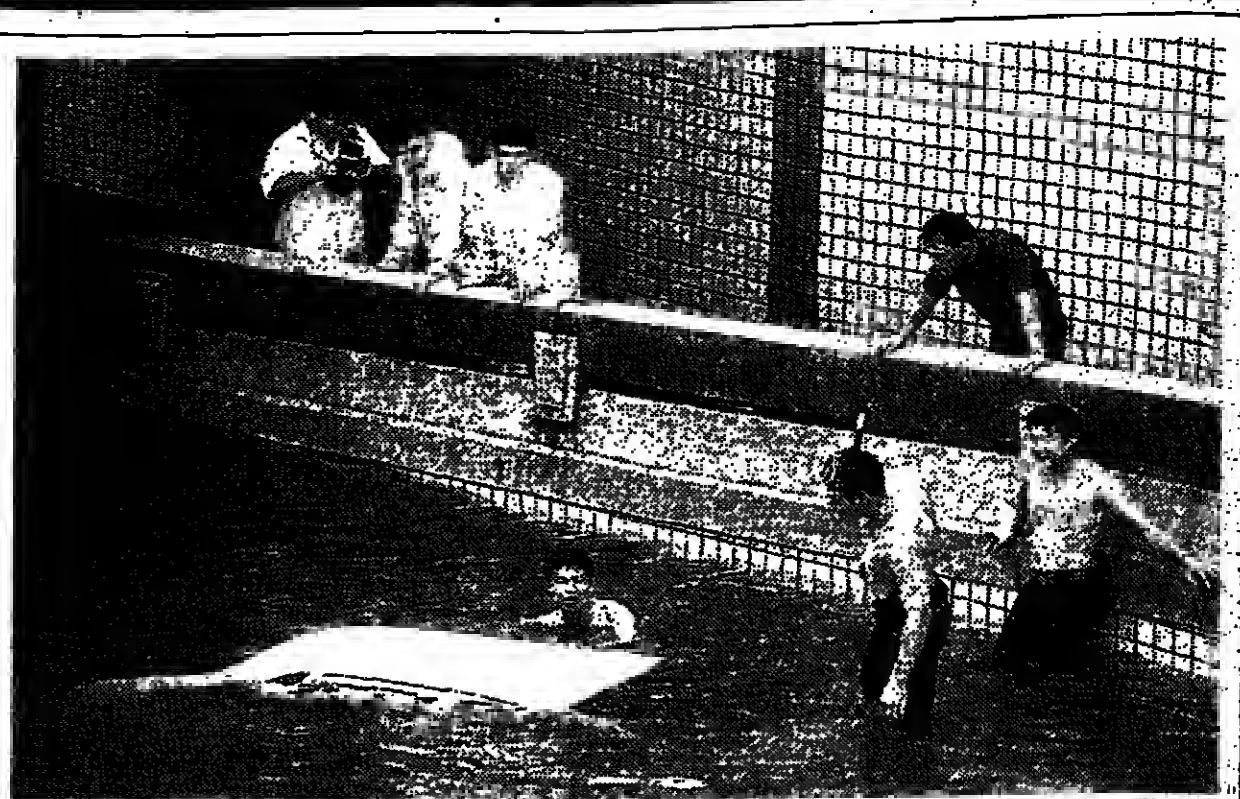
Regionalism here, in political terms, in cultural terms, in economic terms, is very, very weak," said an economist and a member of Ibu Gedung Oka's Hindu ashram discussion group.

The biggest complaint on Bali, and the one fueling the demands for greater autonomy, is that most of the money generated from tourism goes to the central government in Jakarta.

But beneath the desire for more autonomy is a fear that Indonesia could experience a resurgence of Islam that might erode the country's traditional tolerance. Several people expressed concerns about President, B. J. Habibie, who made his political base in a group of Muslim intellectuals, and who has lately been taking advice on his reform proposals mostly from Muslim clerics and scholars.

"We are worried about fundamentalism," said Bayu Mahendra Nyoman, 25, a medical school student. "They use Islam, saying if you are against Habibie, you are against Islam."

BRIEFLY



FLOODING IN TAIWAN — Rescue workers in Kaohsiung, in southern Taiwan, preparing to search for people trapped in a submerged car at an underground garage that was flooded after a night of heavy rain.

Kim's Party Leads In Local Elections

SEOUL — President Kim Dae Jung's ruling party appeared headed toward a lopsided victory Thursday in local elections seen as a referendum on his first 100 days in office.

While the elections had no direct bearing on national politics, Mr. Kim and his opponents saw the balloting as a vote on the president's efforts to resurrect the sagging economy.

Mr. Kim had urged a wide show of support on the eve of his departure for the United States, where he will seek support and investment for his restructuring program.

With between 30 percent and 70 percent of the votes counted, Mr. Kim's coalition government candidates were leading in 10 of 16 key mayoral and gubernatorial races — including the fierce battle for Seoul, the capital, where 12 million people live. But turnouts were low. The election watchdog committee estimated the turnout at 51.4 percent of the 32.5 million eligible voters, the lowest in nearly four decades.

Quake-Hit Village Gets First Food Aid

FAIZABAD, Pakistan — Some survivors in remote mountainous northern Afghanistan received their first food

Thursday since an earthquake last week-end killed an estimated 5,000 people.

The U.S. government donated two helicopters with a capacity of 20 tons each to bring emergency food from central Asia. They were expected to join the aid operation in Afghanistan in two or three days, said Rupert Colville, a UN spokesman.

In Kura-i-Pain, a village 25 kilometers (16 miles) north of Faizabad, village elders met a United Nations helicopter that touched down on a ridge. As the men unloaded the food and lifted flour sacks and oil canisters onto their shoulders, Abdul Aziz began to weep.

"We have been waiting for the plane to bring some food," he said. "Our children are really starving." (AP)

North Korea Moves To Reduce Famine

UNITED NATIONS, New York — Suffering from widespread food shortages, North Korea has agreed to relax its grip on its agriculture industry and allow small farmers to sell some of their crops in a free market.

The agreement came in a plan developed by North Korea and the UN Development Program and presented last week at a two-day conference in Geneva.

North Korea is asking for \$300 million to implement the plan. The goal is to gradually restore food production to pre-1995 levels and end

the Communist nation's reliance on emergency humanitarian aid — estimated at \$2 billion over three years.

More significantly, UN officials say the agreement represents an acknowledgment by North Korea that its critical food shortage cannot be blamed entirely on floods and droughts — that the nation's highly centralized agricultural system is also a problem.

"It's a different picture which is emerging," Christian Lemaire, a UN representative based in North Korea, said. "They acknowledge changes they have to make." (AP)

Ex-Khmer Official Meets With King

PHNOM PENH — A former Khmer Rouge foreign minister, Ieng Sary, met King Norodom Sihanouk of Cambodia for talks in the northern town of Siem Reap where the king has been staying, a palace official said Thursday.

Ieng Sary, who broke with the Khmer Rouge and defected to the government in 1996, met King Sihanouk on Wednesday, the official said. It was thought to be their first meeting in years, but the official gave no details of their talks.

Ieng Sary served as foreign minister and deputy prime minister after the Khmer Rouge took power in 1975. An estimated 1.7 million people perished during Pol Pot's rule, victims of starvation, hard labor or execution. (Reuters)

Senior Indonesia Officers Die In East Timor Copter Crash

BAUCAU, East Timor — Most of the senior Indonesian military officers based in East Timor died Thursday in a helicopter crash in which there were no survivors, military officials said.

Eleven people on board the Bell 205 helicopter were killed in the crash in heavy rain, and the lone survivor died in a hospital in Baucau before he could be transported to Dili, the East Timor capital, they said.

Lieutenant Colonel Supadi, chief of staff of the East Timor military region, said the bad weather had caused the crash.

A military official involved in the rescue said the helicopter crashed after clipping trees in hills near the village of Liaroka, about 200 kilometers (120 miles) southeast of Dili.

"The head of the Udayana military command, Major General Yudomo, was one of the victims," Colonel Supadi said. East Timor's army chief, Colonel Slamet Sidabutar, was also

killed, along with other officers and crew.

The officers were visiting the new military region chief, General Yudono, he said.

The general took over as commander of the Udayana region, which stretches from the island of Bali to Timor, after his predecessor, Major General Syahrir, was promoted to lead a special forces group.

That was part of an army reshuffle two weeks ago in the wake of the resignation by former President Suharto.

Colonel Supadi said the helicopter exploded in flames after hitting a mountain.

He said the accident had no connection with anti-Indonesian guerrillas active in the area.

Jakarta still faces armed resistance in the former Portuguese colony of East Timor, which it invaded in 1975 and declared as its 27th province the following year in defiance of the United Nations. The UN still regards East Timor as being administered by Portugal.

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EUROPE

Braving a Ban, Fishermen in Mediterranean Continue to Use Drift Nets

By Marlies Simons
New York Times Service

PALMA, Majorca — After sunset on a balmy evening in May, Salvatore Paradore prepared for another profitable night's fishing and threw his huge nets from the stern of the B. Colleoni into the Mediterranean. There was no wind, little moonlight and no doubt in the mind of the Italian skipper that soon he would haul in plenty of swordfish and tuna.

But luck ran out for the trawler from Sicily. At the crack of dawn, a Spanish Navy vessel pulled alongside, detained the trawler and escorted it to a Spanish port. Mr. Paradore and his crew were held in custody aboard their vessel and accused of using illegal drift nets. Their gear and fish were confiscated.

The Spanish authorities said the boat was one of hundreds still using enormous drift nets, although nets longer than 2.5 kilometers (1.5 miles) are banned worldwide

because of their devastating effect on marine ecology.

Set out at night, the nets form a nylon wall in the water anywhere from 3 to 30 kilometers long and up to 15 meters (50 feet) deep, and allow a small crew to harvest tons of fish. But scientists and government officials have called the nets "walls of death" because they trap many species the fishermen do not want and every year kill thousands of seabirds and protected creatures like seals, dolphins and whales.

The United States led a drive in the United Nations to ban the large drift nets and applied enormous pressure on Asian users, mainly Japan, Taiwan and South Korea, until they agreed to give them up. The ban took effect on June 30, 1992. But six years later the practice continues in much of the Mediterranean and parts of the Atlantic Ocean.

"Those nets are a menace, not just for the animals but also for the other boats that can't see them," said Jaime

Grimalti, director of fisheries on the island of Majorca. Spain abolished its own drift nets, but foreign trawlers often come into the rich fishing grounds off the Balearic Islands, which at this time of year are brimming with yachts and sports fishermen.

"Boatmen are scared because those nets cause a lot of accidents," Mr. Grimalti said. "Propellers get tangled up in them and then boats have to be towed ashore."

The capture of the B. Colleoni on May 17 and of a second Italian boat in Spanish waters on May 20 has drawn attention to the continuing defiance of the ban.

By law, the U.S. government must apply trade sanctions against countries using the banned nets. For the last three years, the State and Commerce Departments have put pressure on Italy but have preferred to avoid a confrontation that could mean a boycott of fish-related Italian exports. A State Department fisheries expert said that Italy had plans to

scrap the illegal nets and that there had not been enough "credible evidence" to recommend sanctions.

European Union officials say Italy is by far the worst offender against the UN ban, which also became law in the European Union.

Italy has some 650 trawlers using drift nets, they say, many of them of illegal length. Every summer for the last decade the trawlers have fanned out across the Mediterranean to hunt for the profitable swordfish and bluefin tuna.

More than 100 boats from Algeria, Morocco and Tunisia with illegal nets plow the rich fishing grounds off North Africa, although the governments deny this. About a dozen vessels from Britain and Ireland and about 40 from France use drift nets of both legal and illegal length in the Atlantic, European Union officials say.

The main problem, they say, is that many boat owners can ignore the 2.5-kilometer limit on nets because government monitoring is poor. And plans of several governments to scrap the nets, convert the vessels and pension off the oldest fishermen have been slow to be carried out.

As a result, several European governments now want all drift nets banned, even the short, legal kind. But France, Italy and Ireland have been trying to block the move. Fisheries ministers of 15 European countries are expected to discuss the issue June 8.

"We see these nets as a threat to the fish stock and the marine mammals that we have proposed a total ban," Filippo di Robilant, spokesman for the European Commissioner for Fisheries in Brussels, said, adding that some nets still in use were up to 32 kilometers long. "We have to decide now if we want rules to conserve our resources or if we want the law of the jungle."

This kind of argument angers Mr. Paradore and his five-man crew from Messina, Sicily, who were detained in the port of Palma aboard their vessel. They said they were waiting for a bank transfer to pay the bail of close to \$27,500.

Spanish authorities who

confiscated the boat's nets said they were close to eight kilometers long, three times the permitted size.

Mr. Paradore said he had cut the eight-kilometer net in

to three, each one of a legal size, but Spanish authorities said this trick was not acceptable. Pacing the deck and venting his frustrations, the skipper went on: "We worked like crazy, and now we are ruined. Fishing is one of the oldest professions. Now it's suddenly a crime. It's not drift nets that ruin the sea. It's the industries and the cities with their pollution."

The fishermen showed disdain for people who fussed about endangered animals like dolphins.

"There are thousands of dolphins everywhere," Mr. Paradore said. "They are the plague of the fishermen because they eat all the fish."

Experts say they do not know how many turtles, seals or cetaceans like whales, dolphins and porpoises live in the Mediterranean or what proportion are killed. Biologists

Assumpta Gual, a biologist who has monitored fishing for Greenpeace, the environmental organization. More is known about the Bay of Biscay, a coveted fishing ground in the Atlantic. The French government ordered a study of the impact of about 40 French vessels that were using drift nets 10 to 21 kilometers long. Observers found that between June and September of 1993 the vessels caught 85 percent albore tuna which was their target species. Their unwanted catch included 1,700 dolphins and 80,000 blue sharks.

Loic Anoinne, a government biologist who took part in the study, said the dolphins killed represented about 1.5 percent of the area's dolphins. "That is not a high mortality rate," he said. "Those results are one reason why the French govern-

ment is against the European proposal to ban even short drift nets for the French vessels. "They represent about 1,000 jobs," he said.

In Italy, many more jobs are at stake. Giuseppe Ambrosio, director of fisheries in Rome, said that about two-thirds of Italian boat owners using drift nets had said they would be willing to convert to different technology with the help of government grants.

Mr. Ambrosio conceded that overfishing of swordfish was a problem. But he said Italian violations of the drift-net ban were few because the government was inspecting the boats.

This contrasted starkly with reports from Greenpeace, which used surveillance aircraft and ships during its most recent campaign against drift netting and in May reported 14 Italian vessels using illegal nets to Italy's port authorities.



A crew member on the *Ionica*, an Italian ship, being photographed by Greenpeace as he threw a knife at the group's boat. Greenpeace said the *Ionica* had come to aid the B. Colleoni during a confrontation with environmental activists. No one was hurt.

CROSSWORD

ACROSS

- Please be —
- Understandable
- Pleasant
- Start of Barney's theme song
- Beating
- Pre-meltdown signal, maybe
- Part of the food pyramid
- "Misery" star
- Rouge or noir, e.g.
- "Rawhide" singer
- Native of Kirkuk
- River crossed in the Korean War
- Child-rearers' comment?
- Swindle
- Planner's log
- Name, either good or bad
- Ring responses?
- Talus
- James and Jackson
- Have, as a fever
- Touch of Jack Frost
- Just vegetate
- Cape Dutch

DOWN

- Bapt. or Episc
- Socket filler
- Razor brand
- Chiding remarks
- German canal city
- Kind of tide
- Safe places
- Husbands
- Daughter of Hagar the Homble
- Second, abbr.
- ABC, e.g.
- Repress in memory
- Green, in a way
- Great Plains, e.g.
- Popular cat
- Least worldly
- More than displeased
- Church book
- Pipe-smoking actor Brian
- Part of an ear
- Home of the descendants of Ishmael
- Anticipate
- Minnesota's St. — College
- Aims (for)
- Journal publisher, for short

Solution to Puzzle of June 4

AHME ALPO CLING
LEON ZION LUNAR
BITESONESTONQUE
ASTRA MAINTAIN
STOODBY LEE
OCEANIC NOAM
QUIETNESS SANTA
CHEWSTHESNERY
CUBIT SCENARIO
THIN BREASTS
SOU TEATIME
ROSEANNE TUNAS
SWALLOWSTHEBAIT
VERSA ASTA ENZO
PRITEO YUO SLEEP

DOWN

- Aquamarine
- Gets in a string
- Evangelist's target
- European capital
- Gradually disappeared
- Bait girls?
- Seal, e.g.
- Mrs. of legend
- Surfer wannabe
- Hunter of fiction

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New Solzhenitsyn Book Assails Today's Russia

He Turns His Fury on Post-Soviet Leaders

By David Hoffman
Washington Post Service

MOSCOW — Alexander Solzhenitsyn, the novelist whose words once made the Soviet Politburo tremble, published a fresh volume about life in the new Russia on Thursday. It is an acid treatise denouncing all that followed the Soviet collapse.

The new work, "Russia in the Abyss," is a slim 204 pages, printed in only 5,000 copies and selling for the public equivalent of \$1.60 in paperback and \$2.30 in hardcover.

The small print run is a pointed contrast to the appearance of Mr. Solzhenitsyn's first novel, "One Day in the Life of Ivan Denisovich," which caused a sensation when it was published in the literary journal *Novy Mir* in 1962 and printed by the hundreds of thousands.

Viktor Moskvina, head of the Russian publishing house, which brought out the new book, said a second printing had already been ordered.

However small, the book is loaded with fury at what Mr. Solzhenitsyn portrays as the fools, criminals and reformers who have led Russia since 1992.

Mr. Solzhenitsyn, 79, who returned to Russia in 1994, or 20 years after his expulsion by the Soviet authorities, has made similar arguments about contemporary Russia in speeches and interviews here. Since returning from the United States he has also published a book, "The Russian Question at the End of the 20th Century."

But Russian society has met his stern critiques with indifference. His television show was canceled a few years ago and many young people are not interested in his views. His voice has been drowned out in the cacophony of the post-Soviet transformation.

There is nothing muted about Mr. Solzhenitsyn's criticism of what has happened to Russia. For example, he takes on the free-market economic reformers whom President Boris Yeltsin brought to office with a "shock therapy" program in 1992, led by a young economist, Yegor Gaidar, who became prime minister.

"I will never put Gaidar next to Lenin, the height is too different," Mr. Solzhenitsyn writes. "But in one quality they are very similar — a fanatic, carried away by his illusory idea and devoid of any responsibility for the state, takes a scalpel with a steady hand and inflicts multiple cuts on Russia's body."

"And even six years later, one does not see confusion on this politician's face," he writes of Mr. Gaidar. "How he drove to poverty dozens of millions of his compatriots, having devalued their savings, thus destroying the foundation of the very 'middle class' that he swore to create."

"Criminal is the government that throws the national property up for grabs," he adds, "and its citizens into the teeth of beasts of prey in the absence of law."

"The people, still under the electric-current shock therapy, dumbfounded and helpless, sprawled, were crushed by this unprecedented robbery," Mr. Solzhenitsyn says.

Mr. Solzhenitsyn came back to Russia on a transcontinental train ride from the Far East to Moscow. He writes that across the country people urged him to carry the story of their plight to the lower house of Parliament, the State Duma.

He did. "For three-quarters of an hour, I was speaking in their deaf ear about the dying out of the nation," he says of his Duma speech. "And the deputies, as cameras show only too well, were talking with their neighbors, some typing on their computers, others yawning and still others were almost sleeping."



FINDER'S KEEPERS — Prime Minister Bertie Ahern of Ireland, left, and Chancellor Viktor Klima of Austria searching for something or other they dropped after they met Thursday in Vienna.

Bulgaria Restores Estates to Ex-King

SOFIA — Bulgaria's exiled king, Simeon II, will get back the real estate of his ancestors, which the Communists nationalized 51 years ago, a high court ruled Thursday.

Simeon, 61, now a businessman in Madrid, was restored ownership over two palaces, three hunting villas and two country houses that the Communist government confiscated in 1947, a year after it abolished the monarchy and exiled the royal family.

At a closed meeting, the 12-judge Constitutional Court, which is empowered to review legislation, threw out a law about royal property nationalization on a motion by Prosecutor General Ivan Tatarchev.

Simeon acceded to the throne at the age of 6 in 1943, when his father, Boris III, died after allying Bulgaria with Germany during World War II.

France publicly recognizes the Armenian genocide of 1915.

"We will not accept bids from French firms as long as the French policy is not changed," Haluk Narhay, a municipality spokesman, said. "They are misrepresenting the historical facts." He said that three French firms are interested in the \$275 million project to build an eight-kilometer (five-mile) subway in Izmir.

Turkey denies the deaths of some 1.5 million Armenians between 1915 and 1923 consorted genocide, insisting that losses occurred on both sides as the result of a civil war. (AP)

Piat Killer Confesses

DRAGUIGNAN, France — A suspect on trial for the 1994 slaying of a lawmaker who crusaded against corruption on the French Riviera admitted Thursday that he shot her from the back of a motorcycle.

Yann Piat was shot three times on Feb. 25, 1994, as her chauffeur drove her home near the port city of Toulon.

"Yes, it was me who pulled the trigger. I fired six times," said Lucien Ferri, 26, who was arrested after the killing, along with Marco Di Caro, the alleged driver of the motorcycle.

"Today I have profound remorse," Mr. Ferri told the court, adding that he was the only person to have been in contact with the people who ordered the killing. He did not identify them. (AP)

Turks Punish French

IZMIR, Turkey — Angered by a French motion characterizing the 1915 killings of Armenians in Turkey as genocide, the city of Izmir said Thursday that it would bar French firms from bidding for a subway construction project.

The decision came a week after France's National Assembly unani-

Uproar Over Germany's Spy Hunter Renews CIA's Wariness

By James Risen
New York Times Service

WASHINGTON — When messages filtering out of Russia early this year reached the headquarters of German intelligence, alarm bells went off throughout the upper levels of government.

Russian intelligence sources had delivered shocking news: The German official charged with uncovering spies was himself a Russian spy — Moscow's leading "mole" in Europe.

The official, Volker Foertsch, was put under prolonged investigation. His home was searched, and a video camera was placed in his office. Later he was put on annual leave. After the investigation, German prosecutors concluded that he did not have enough evidence to charge him with espionage.

The 63-year-old Mr. Foertsch — a widely-respected career intelligence officer known by his alias, Fleming — resumed his duties as head of counterintelligence in May, and the German government pronounced him exonerated.

But that finding has not put an end to the

controversy surrounding the matter in Germany or the United States, where the case has raised troubling new questions at the Central Intelligence Agency about a possible betrayal of U.S. secrets.

CIA officials have been left to wonder if German intelligence, which was regularly compromised by communist agents during the Cold War, is once again being infiltrated by Moscow.

CIA officials say Moscow has never stopped spying on the United States and European countries, despite the collapse of the Soviet Union, and may be rebuilding its spy network for the post-Cold War period.

German intelligence officials acknowledge that they are continuing to investigate a series of unexplained failures of German intelligence operations and that they are convinced that material from their spy agency has been handed over to Moscow, according to recent press accounts.

With so much intriguing, if contradictory, bits of information, the truth behind the Foertsch affair appears lost in the wilderness of mirrors that so often bedevils major espionage cases. U.S. intelligence officials trying to fathom the case must

try to determine whether Mr. Foertsch is indeed a Russian mole or the innocent victim of the vicious internal politics that have long plagued German intelligence.

The German decision to allow Mr. Foertsch to return to his job relatively quickly has only added to the mystery surrounding the case.

Mr. Foertsch's supporters in German intelligence maintain that the allegations against him were without merit and they expressed anger that the case was ever referred to German prosecutors, according to recent press accounts. They have speculated that he has either been victimized by political adversaries or has been targeted by a sophisticated Russian disinformation campaign designed to paralyze the German spy service.

Another possibility is that, if Mr. Foertsch is not a mole, then someone else at the agency, known as the BND, might be handing over information while attention is focused on Mr. Foertsch.

Mr. Foertsch returned to his job May 18 after prosecutors in Karlsruhe were unable to develop any solid evidence to substantiate the charges leveled against him, German officials said.

Clinton administration officials were reluctant to discuss the case publicly. A State Department spokesman stressed that the case is an internal German matter, adding that it is premature to determine whether it will have any impact on U.S.-German relations.

U.S. intelligence officials also refused to discuss publicly either the nature or the extent of their discussions with the Germans about the Foertsch case. But the CIA has a long-standing liaison with German intelligence, and if the allegations of a high-level penetration of the BND prove true, old fears will be revived in Washington about the dangers of trusting Germany with secrets.

Throughout the Cold War, the "Stasi," the nickname for the East German secret service, along with the KGB security police in the Soviet Union, feasted on West Germany, recruiting spies from among military, intelligence and other officials.

Those German spies sometimes gave the Soviet Union valuable insights into NATO, but U.S. intelligence officials learned early on in the post-World War II era to be wary about which secrets they could share with the Germans.

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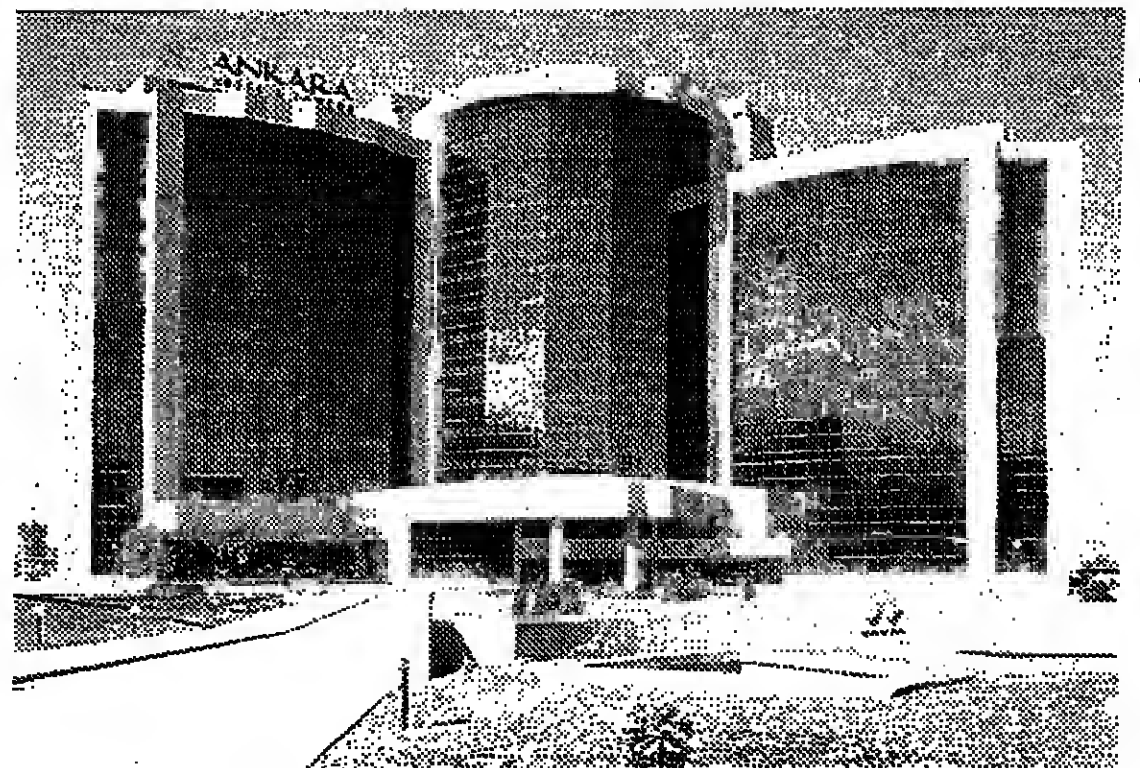
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EDITORIALS/OPINION

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Two Views of China

President Bill Clinton on Wednesday renewed most-favored-nation trading status for China. He praised U.S.-Chinese "cooperation for world peace and security" and hailed U.S.-Chinese trade as "a force for change in China, exposing China in our ideas and our ideals and integrating China into the global economy." These remarks built on the president's optimistic assessment last month that China is "moving to join the thriving community of free democracies."

No one expects Congress to challenge the annual bestowal of MFN status. Few quarrel either with the notion that engagement with China makes sense or that U.S. and Chinese leaders should be talking. But engagement can take many forms, and it could do more harm than good if it is based on false assumptions.

Mr. Clinton apparently believes that China is inexorably marching toward democracy, that in the meantime economic reforms can succeed ahead of political reforms, and that increased trade and economic growth inevitably will make China a force for stability on the world stage. These beliefs are convenient, because they absolve outsiders of much responsibility to work for human rights or political freedom in China—those who will come in due course. And they absolve the administration of any need to worry that by trading, including in satellite technology, it may be strengthening a potential rival.

A strikingly different view comes from inside China. From someone with pretty fair credentials to judge China's progress, Bao Tong, 65, was chief of staff to China's prime minister and Communist Party chief until he was jailed in 1989 because he opposed the

crackdown against protesting students in Tiananmen Square. Mr. Bao spent seven years in prison, three of them incommunicado, showing that China has a way to go when it comes to rule of law. He now lives under house arrest but recently gave an interview to The Washington Post's Steven Mufson and John Pomfret (JHT, June 3).

Mr. Bao challenged the notion that economic strength, in the absence of real democratization, inevitably will make China more benign. China "has already gone mad twice in the last 40 years," he said, referring to the Cultural Revolution and the Tiananmen massacre. "You have to ask yourself a question: What will it do on the international scene? Is it a source of stability or a potential source of instability? When it doesn't have enough power, its attitude will be restrained. But once it develops and becomes strong, what kind of role is it going to play without a complete structural change?"

Unquestionably, China today is in a period of ferment, an authoritarian state that no longer has a state ideology. Although thousands of political prisoners remain in jail, critical voices are being tolerated more than before. This gives hope that China will move toward liberal democracy, but other outcomes, including a kind of nationalist fascism, also are possible. Perhaps, just as he meets with opposition leaders when visiting democracies such as Russia, Mr. Clinton should meet with dissidents when he visits Beijing later this month. A sit-down with Bao Tong, if the government would release him from house arrest long enough, might be a useful addition to the president's official schedule.

—THE WASHINGTON POST.

Missing Intelligence

It was troubling to learn last month that U.S. intelligence agencies had failed to spot the preparations for India's nuclear testing. Now a review of the case shows that the cause was not an isolated problem like the misinterpretation of a telling satellite photo, but a more disturbing systemic failure. Many of the photos, for instance, were not even closely examined.

David Jeremiah, a retired admiral who investigated the case for the CIA, has produced a stinging indictment of Washington's espionage operations. President Bill Clinton and Congress need to make sure that his report is not quietly shelved by the agencies it lacerates.

Admiral Jeremiah, a respected former vice chairman of the Joint Chiefs of Staff, found that Indian test preparations had gone unnoticed because the United States has too few spies, too few photo analysts and too little creative thinking among its top intelligence officials. These conclusions echo general criticisms offered last year by the House Intelligence Committee and recall critiques of earlier years, none of which have made much difference.

Information collected by satellites and other sophisticated spy machines is only as good as the analysts who decipher and interpret it. There are simply not enough of them to handle the avalanche of images that pour into Washington every day. The National Imagery and Mapping Agency, which does most of this work, assigned just one analyst full-time to track activities at India's test site. With an annual budget of \$27 billion, spy agencies have no excuse for a manpower short-

age in such a vital field as photo interpretation.

The absence of productive spies is another familiar story. The CIA had no one on the ground in India well enough connected to know that nuclear testing was imminent. Recruiting, training and placing agents overseas is not easy, but the CIA has long neglected this work and favored new technologies instead.

These core weaknesses were compounded by misjudgments at the highest levels. Even though the new Hindu government in India freely declared its interest in developing a nuclear arsenal, intelligence officials in Washington doubted the commitment and did not press their agencies to study India's nuclear activities. Several analysts who follow Indian affairs blithely dismissed the possibility of testing.

The White House and State Department were equally negligent in not questioning these assessments or directing the intelligence agencies to look more carefully at India.

The broader message inherent in the Jeremiah report is that the CIA and its fellow espionage agencies are still drifting, seven years after the disintegration of their primary target, the Soviet Union. America has had five spy chiefs in the last seven years, a sure formula for disarray. George Tenet, the latest director of central intelligence, brought in Admiral Jeremiah and quickly accepted his recommendations. But it should not take an incident like the Indian failure or an outsider like Admiral Jeremiah to draw Mr. Tenet's attention to chronic problems.

—THE NEW YORK TIMES.

Scrap the Board

There was a time when institutional investors thought it improper to intervene in running the companies in which they held stakes. If they did not like the management, the theory went, they could sell their shares. That attitude has long passed, and it has not been uncommon for pension funds and mutual funds to push corporate management for change. Some have even put their own people on corporate boards or supported corporate raiders trying to seize control of a company.

That changed last week when a large New York-based pension fund, TIAA-CREF, mounted a successful campaign to throw out the board of Furr & Bishop's Inc., which operates a string

of cafeterias across the South, and replace it with a slate of its own.

TIAA became the company's largest shareholder two years ago, when Furr's was reorganized and institutions that had lent money to the cafeteria chain ended up owning stock instead. Since then, the company has done poorly, and the stock price has fallen. TIAA claimed that the old directors approved excessive management pay while the company floundered without a strategy.

There is no guarantee that whatever management team is selected by the new board will make things better, but it is refreshing to see the owners of a company able to fire managers who have performed poorly.

—THE NEW YORK TIMES.

There's No Point Seeking a Deal With Milosevic

By Flora Lewis

PARIS — There are some eerie similarities between the way Europe and the United States are reacting to hostilities in Kosovo and the way they dithered as Bosnia was left to stumble into a long, ferocious war.

"We were behind events for a long time" in the Bosnian case, a NATO diplomat said. "We don't want to do that again." So NATO is hasty discussing ideas for "sending signals" to Serbia's Slobodan Milosevic, even for sending troops to sit on his Albanian and Macedonian borders.

But members are aware that it is going to be a very difficult operation, is not likely to do much good, and may result in holding the coat for Mr. Milosevic while his forces clobber the Kosovars, as the Bosnian Serbs did to Muslims in the first couple of years in that war.

So alongside the sense of danger in letting the situation slide into another shameful bout of massacre, ethnic cleansing and refugees, there is a tremendous reluctance to get involved.

The situation is evolving rapidly. It has been poisonous since 1989 when Mr. Milosevic revoked the autonomy of

the province of Kosovo, historically a cherished Serbian heartland but now populated 90 percent by ethnic Albanians. Under intense repression, the Kosovars organized a parallel government, school system, social services, and showed remarkable restraint under their nonviolent leader Ibrahim Rugova.

But it got them nowhere. Chafing with fury, some have formed what they call the Kosovo Liberation Army and begun attacking Serbian police.

The Serbs retaliated, exacerbating the conflict, and in recent days they have launched a campaign with heavy arms. The current aim seems to be to clear an 8-to-10-kilometer-wide area along the Albanian border of all inhabitants so as to control the influx of arms and volunteers. It may also be to provoke further reaction to the overwhelming Serbian forces that would lead to a massive exodus of refugees.

American envoy Richard Holbrooke arranged a first meeting between Mr. Milosevic and Mr. Rugova, and there may be another, but no useful results

can be expected. The Kosovars want independence, for which they currently have no outside support, but there is no sign that Mr. Milosevic would even concede a restoration of autonomy.

Worried that the conflict can spread through the Balkans, NATO intends to use the Partnership for Peace with Albania to build exercises, send ship visits, message its disapproval to Belgrade.

It is debating a plan for "containment" on the Albanian and Macedonian borders, which would deter Serbian forces from invading. But that is not Belgrade's intention. It would serve Mr. Milosevic's purpose by cutting off help to the Kosovars.

In short, it is another dilemma so long as Mr. Milosevic remains in power. Doing nothing will soon be intolerable, but there is strong international opposition to supporting Kosovo secession and independence for fear of the precedent for other states. And there is no taste at all for interposition to protect the Kosovars, although officially "no option is ruled out."

All this was foreseen at the time of the Dayton agreements which ended the war in Bosnia, but Mr. Milosevic's

help was deemed essential at that time and he is still benefiting.

There is now pressure on him, however, from the newly elected president of Montenegro, who would like to force him out. Montenegro is the other republic, along with Serbia, comprising what is left of the Federal Republic of Yugoslavia. Unable to run for a third term as president of Serbia, Mr. Milosevic had himself elected president of Yugoslavia. To remain constitutionally, he needs Montenegrin backing.

What would he do if he lost it? He might proclaim dictatorial powers. If Montenegro pulls out of the federation, leaving him nothing to be president of, he might resort to armed force.

The Serbian opposition, which demonstrated so convincingly and successfully in the winter of 1996-97, has fallen apart. But the potential remains. The people are suffering.

There is no answer for NATO in seeking a solution with Mr. Milosevic. If it wants to avoid repeating the tragic Bosnia story, members should do what they can to help Montenegrin President Milo Djukanovic send him packing.

Flora Lewis

From Indonesia, a Warning to Asian Authoritarians

By Gerald Segal

KUALA LUMPUR — The revolution in Indonesia that brought down President Suharto is clearly not over yet. The economy is in deep crisis, and new political forces, freed of many of the constraints that muzzled them during the 32-year Suharto era, are only beginning to maneuver to replace his designated successor, President B. J. Habibie.

But the most dangerous period of uncertainty is probably past, and we can start to see how the aftershocks of the Indonesian political earthquake are being felt in Asia and beyond.

The most powerful tremors are rumbling through the more authoritarian parts of the region because of what is glibly called triumph of "people power."

To be sure, the removal of Mr. Suharto owes much to the diverse activities of powerful generals, rival politicians and groups of students and nongovernmental organizations.

Such ad hoc and disparate forces brought down President Ferdinand Marcos of the Philippines in 1986 and just failed to unseat the Deng Xiaoping regime in China in 1989.

Recent events in Indonesia clearly alarmed the Chinese authorities. That was clear when they pulled the plug on CNN's live coverage of Mr. Suharto's resignation speech.

The message for Kuala Lumpur about the risks of an old man outstaying his welcome are obviously understood. Deputy Prime Minister Anwar Ibrahim's words on this page on Tuesday (in "A Wave of Creative Destruction Is Sweeping Asia") show how events in Indonesia are emboldening opponents of Prime Minister Mahathir bin Mohamad.

As authoritarian regimes contemplate the power of their

people, they might also note the power of the IMF to bring about far-reaching political change and lay the basis for a more stable political system.

As the crisis in Indonesia gathered pace, there were many voices urging the IMF to soften its conditions for providing emergency loans. Even Australia called for a go-slow approach of efforts to strike at the heart of the Suharto cronies by attacking politically sensitive conditions to aid.

The IMF mostly resisted softening its position, and in the final stages before Mr. Suharto's resignation made clear that the money would be withheld unless far-reaching reforms were undertaken.

While the IMF was only one of several key pressure points on the Suharto regime, the firmness

of its response was a crucial indicator that the international community viewed Mr. Suharto's departure as essential. As a result, an IMF used to being criticized by liberals for supporting big business and dictators emerged as one of the main agents of "people power."

Such a more politicized role for the IMF raises major questions about its future role around the world. Will it now feel emboldened to make major decisions about political outcomes? Does it need to develop far more expertise on the political and social dimensions of "good governance"?

The earthquake in Jakarta is also beginning to shake the fragile regional institutions of which Indonesia is a leading member. The Association of South East Asian Nations has

long considered Indonesia to be the center of gravity. ASEAN's enlargement in recent years to include the authoritarian regimes of Vietnam, Laos and Burma had led many to believe that it would take a tougher line against supporters of human rights in international forums, leading to a warming of relations with China. A more democratic Indonesia suggests otherwise.

Liberalization in Jakarta also tilts the ASEAN balance in favor of "constructive involvement" in the domestic affairs of member states. The debate about how extensive such involvement might be was already gaining intensity with the impact of the pollution in the region that spread from Indonesian fires, as well as of the controversy over whether to allow Cambodia under its strong-arm ruler Hun Sen to join ASEAN.

It now seems more likely that

ASEAN will take a tougher line on such issues, at least with Burma, which seems to be intent on intensifying repression of its people.

A more outspoken Indonesia might have implications for South Asia. There are initial signs that Jakarta might be willing to lead a vocal effort in the Nonaligned Movement for condemnation of India and Pakistan after their nuclear tests.

One thing is clear. When the fourth most populous country in the world has a revolution, even an incomplete revolution, the waves of influence will ripple out for some time.

The writer is director of studies at the International Institute for Strategic Studies, in London, and director of Britain's Pacific Asia Programme. He contributed this comment to the International Herald Tribune.

An Opportunity Now for a Settlement on East Timor

By José Ramos Horta

SYDNEY — President Suharto authorized the invasion of East Timor in 1975 and its annexation the following year. His forced resignation offers a window of opportunity to achieve a peaceful settlement.

All senior officers involved in the planning and execution of the invasion are no longer in active service. Mr. Suharto's son-in-law, Lieutenant General Prabowo Subianto, the man most hated in East Timor for his ruthless record, has been sidelined. For many years, he treated East Timor as his personal fiefdom.

His special forces troops were a law unto themselves. He organized local youth gangs to abduct and murder East Timorese, while Mr. Suharto's children ex-

ploited the island's natural wealth, including its coffee, sandal wood and marble.

President B. J. Habibie and the new generation of more professional military leaders under the armed forces chief and defense minister, General Wiranto, have a unique chance to extricate Indonesia from its longest and most costly conflict since independence.

Maintaining the disproportionately large Indonesian military and civil service presence in East Timor is estimated to have cost Jakarta more than \$1 million a day. At least 10,000 Indonesian soldiers lost their lives in the first five years of the war there.

But the cost of the occupation has been even higher for the people of East Timor. More than 200,000 died in the first three years of the occupation, mainly from famine and related illness. Indonesian security forces have been guilty of a persistent pattern of human rights abuses.

In a new Indonesia, the ugly truth of East Timor's ruthless colonization will progressively be revealed, and Indonesians will learn with horror and disbelief what their country has done to such a small nation.

The time has come for the West to throw its weight behind a UN-sponsored referendum on self-determination.

Indonesia should take immediate steps to ease tensions. It should release all political prisoners, substantially reduce its military presence and end arbitrary arrests and torture.

Specialized UN agencies like the World Food Program and the World Health Organization, as well as private humanitarian and development organizations should be given unrestricted access to East Timor, which is feeling the impact of the deepening recession in Indonesia. Denying the East Timorese humanitarian help for political reasons could cause a major human catastrophe.

Free and democratic elections should follow for a local legislature and government made up exclusively of East Timorese. This should be a transitional arrangement lasting a few years. It would lead to a referendum under UN supervision in which the people of East Timor would make the final decision.

cision on their future. The United Nations should remain fully involved in the territory throughout the whole process.

So far, all is quiet in East Timor. The people have shown extraordinary restraint, responding to a call for order and calm by Xanana Gusmao, the imprisoned leader of the East Timorese resistance. This is remarkable, considering the deep resentment and anger that they feel toward Indonesian immigrants and their local collaborators who have stolen their land and humiliated them.

East Timorese will take to the streets if their patience and tolerance are not reciprocated.

In June 1974, when I was 24 and serving as a foreign affairs spokesman for the East Timorese independence movement, I flew to Jakarta and met with Indonesia's foreign minister, Adam Malik. He assured me that Indonesia would respect our right to self-determination. Things turned out to be tragically different for East Timor, but also for Indonesia.

I am prepared to fly again to Jakarta at a moment's notice to join Mr. Gusmao in explaining the aspirations of the East Timorese to the Indonesian people and government.

East Timor stands as a moral test for the new Indonesia if it wishes to regain international respectability.

The writer, deputy president of the National Council of Timorese Resistance, shared the 1996 Nobel Peace Prize with East Timor's Roman Catholic Bishop Carlos Filipe Ximenes Belo. He contributed this comment to the International Herald Tribune.

High Time to Rein In the IMF

By Jeffrey D. Sachs

CAMBRIDGE, Massachusetts — Here we go again. In its seventh year of ministering to the Russian economy, the IMF is readying another "emergency bailout."

Just five months ago, the IMF pronounced the Russian economy on its way to recovery, declaring that "economic reform is entering a less dramatic phase." Now the Russian stock market is collapsing and the currency is under attack. The IMF has promised to speed another \$670 million in loans and is being called on by the Clinton administration and the markets to provide much more.

The Fund continues to fail in its economic advice. The bailout loans are unfair and ineffective. If we need a new global financial architecture, as Treasury Secretary Robert Rubin has urged, then we need a new architect as well, a thoroughly revamped IMF.

In the past three years, under IMF auspices, Russia has been borrowing short-term funds from abroad to keep a corrupt and mismanaged government afloat. The Fund stood by as the government squandered tens of billions of dollars by transferring state-owned oil and gas companies to cronies at cut-rate prices.

At the same time, the Russian government borrowed from foreign speculators at interest rates of 20 percent or more. The sky-high interest rates compensated the investors for the risk that the ruble might lose value against the dollar and that the government might default.

Suddenly, foreign investors have called in these loans. They are spooked by the Asian crisis, the fall in the price of oil

(a principal Russian export) and labor unrest. The ruble is about to lose value. In short, the risk that was long implicit in Russia's high interest rates is about to be realized.

The financial community in Moscow is understandably in a panic. The IMF and the United States have been called in to save the ruble. This would ensure that the earlier loans are repaid and that the ruble keeps its value long enough for speculators to get their money out without large losses.

Therefore, the name of the game is to defend the exchange rate at any cost. Predictably, the IMF has cheered as Russia raised short-term interest rates to a crippling 150 percent a year to try to keep the investors from running.

But the ruble probably cannot be saved at this point — too much short-term money is fleeing the scene.

The IMF has become the Typhoid Mary of emerging markets, spreading recessions in country after country. It lends its client governments money to repay foreign investors, with the condition that the government jack up interest rates, cut the flow of credits to the banking system and close weak banks. The measures kill the economies and further undermine investors' confidence. It would be more sensible to keep interest rates moderate and let the economies continue to grow.

True, currencies would lose value and speculators would lose their bets. But borrowers and lenders would be more cautious in the future.

The IMF orthodoxy has

been put to the test in Asia in the past nine months. The Fund gave specific predictions about what would happen. It said in its August 1997 rescue plan for Thailand that the economy would grow by 3.5 percent in 1998. It said in October that Indonesia would grow by 3 percent. In December it predicted South Korea 1998 growth of 2.5 percent.

The IMF's own bad advice destroyed its own forecasts. Every few weeks it has had to renegotiate its Asian programs, sharply downgrading the growth forecasts. It now predicts that South Korea will shrink by 1 percent or more, Thailand by 3.5 percent or more, and Indonesia by a staggering 10 percent or more.

In emerging markets all over the world, the drama is repeated. Investors who chased high short-term interest rates with short-term loans are calling in their loans. In just about every case, the IMF is urging a heroic defense of the currency through draconian interest rate increases.

The monetary medicine is now being applied with IMF moral support in Brazil and South Africa, and with IMF financial support in other parts of Africa, in Russia and throughout Asia.

The Clinton administration and other financial observers should insist that the IMF's free run of the international financial system be ended.

The writer, director of the Harvard Institute for International Development, was from December 1991 to January 1994 an economic adviser to the Russian government. He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: White Elephant?

PARIS — [The Herald says in an Editorial:] It is at once characteristic of the confidence and the vital energy of the American people that they neither consider the possibility of defeat nor the consequences of victory. This is a pleasant sign. It shows that the nation is a living one. At the same time it does no harm to look to the future. And all over the United States people are asking themselves: "Now that we have got the Philippines, what are we going to do in keep them from being a ruinous White Elephant on our hands?"

1923: King of Bandits

SOFIA — Teodor Alexandroff, the redoubtable comitadj leader who recently threatened the whole Stamboultski Cabinet with assassination unless anti-Macedonian activities were stopped immediately, is reported to have

been killed in a recent frontier fight with Bulgarian troops. Many here doubt whether the "King of Bandits" is really slain. The bravery and courage of Alexandroff and his followers have become legendary. He wielded immense power in Macedonia and is feared by Serb and Greek, and even by Bulgar, too.

1948: Soviet Decree

BERLIN — The Russians delivered their most serious blow yet at the four-power administration of Berlin by decreeing for their sector of the city a comprehensive social welfare program, including promises of 150,000 warm meals for workers and 20 per cent wage increases. The Soviet defiance of agreements for uniform administration of the city was denounced by Colonel Frank Howley, American commandant, as a propaganda move designed to gain popularity for the Soviets.

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An Old Bipa

OPINION/LETTERS

An Old Bipartisan Friendship

By George McGovern

ROME — It may seem strange to some that, despite our ideological differences, Barry Goldwater and I were mutually admiring friends. Perhaps that friendship stemmed in part from our membership in an exclusive club: We were presidential aspirants who won big in the nomination battles only to lose big in the general elections — he to President Lyndon Johnson in 1964 and I to President Richard Nixon in 1972.

After my defeat and return to the Senate, Barry was the first of my Senate colleagues to call. He then sent over a newspaper cartoon he had carefully framed in which his face and mine were superimposed on a replica of the painting "American Gothic," which depicts a stern-faced, pitchfork-equipped couple. Across the bottom of the cartoon, which still hangs in my den, he inscribed these words: "Dear George, if you must lose, lose big."

Later that day in the Senate gym, when I thanked him for the cartoon and his inscription, he said: "I really meant that inscription. After Dick Nixon lost to Jack Kennedy in 1960 by only 120,000 votes, he regretted for years spending the last weekend of the campaign in Alaska instead of Chicago. With you and me it didn't make any difference where we went the last weekend — Chicago, Alaska or Timbuktu. So we have nothing to regret except the judgment of the voters!"

A couple of years ago I went to see Senator Goldwater at his home in Phoenix, Arizona. We spent a delightful afternoon reflecting on American politics, past and present. He had just endorsed a young woman running for Congress as a Democrat and was being charged by some of his critics with senility, or worse, for not backing the Republican candidate.

"They can call me senile or any other damn thing," he said, "but I still say what I think."

That is what I most admire about Barry Goldwater. He was always right. None of us is. But he said what he thought was right, and that is the way politics ought to be conducted.

Politics can survive human error, but it suffers when politicians lose their candor and conviction. It also suffers when politicians of differing views permit those differences to degenerate into mean-spirited attacks on each other's integrity. Barry Goldwater never did that.

One of the characteristics of the Senate at its best is its tradition of civility. That tradition sometimes permits senators of opposing parties to become effective allies and friends. Former Senator Bob Dole and I built such an alliance on matters related to food assistance to the poor, nutritional guidelines for the American people and a strong agriculture. Year after year we won big bipartisan victories in the Senate on those issues.

Senator Goldwater, despite his exaggerated public image of ultra-conservatism, was of that spirit. He became even more moderate (liberal?) after he left the Senate a decade ago.

Barry Goldwater had a lifelong love affair with airplanes. During the final days of the Watergate investigation, in the summer of 1974, I telephoned him at 6 A.M., apologizing for the early call. "That's O.K.," he said cheerfully. "I've been up for an hour building a model airplane."

He never tired of complimenting me for having been a combat bomber pilot in World War II. But he found it difficult to understand how a former bomber pilot could

so strenuously oppose U.S. involvement in Vietnam. He was even more puzzled by my opposition to the building of some of the more recent bombers and expensive new weapons systems. But never once did he question my sincerity, either publicly or privately, or I his.

A few years ago I was asked by the San Jose Mercury News to review Senator Goldwater's memoir. I do not have a copy of that review with me in Rome, but I do recall his follow-up note, in which he said: "I will treasure your words until the day I die." Perhaps this is an appropriate time for me to say in my old colleague: I'll treasure the memory of your salty conversations and your rough-cut humor until the day I die. If I had not just returned to my new post in Rome after a 12-hour flight the day you died, I would have flown out to Arizona for your funeral. That doesn't seem so practical even for us guys who love airplanes — but I'll see you later.

The writer, a former U.S. senator from South Dakota and the 1972 Democratic presidential nominee, is U.S. ambassador to the UN Food and Agriculture Organization in Rome. He contributed this comment to The Washington Post.



A Drop of Wine, a Lack Of Sense — and How

By Richard Cohen

WASHINGTON — If, perchance, some magazine is thinking of doing an article on an "All-American" school district, I nominate Cherry Creek, Colorado.

In the first place, the name alone is hard to beat and, second, the suburban Denver district is where a school principal was demoted for letting a group of young

It is true that they could not, and should not, do so on their own. But in a little while there is no reason why they could not join their parents by having a sip of wine at dinner. This is how the French and Italians learn to drink wine — and why, according to some social scientists, public drunkenness in France and Italy is both rare and out of control.

America, though, is off on one of its periodic attempts to deal with a problem by, in effect, banishing it. Zero tolerance sounds nice, but it does little more than make alcohol taboo and, therefore, more attractive to young people. It may account, since logic cannot for the apparent upsurge of binge drinking on American college campuses.

In fact, binge drinking is the antithesis of what the Cherry Creek students were being taught in Paris. You do not guzzle wine, you savor it. The idea is not to get sick drunk; it is to have an enjoyable and sensuous experience — and to be able to remember it the next morning.

The zero tolerance approach is suffused with moralism at the expense of common sense. It is similar to programs that teach kids sexual abstinence and — if social conservatives have anything to do with it — nothing else. This approach has not worked since, approximately, the Neanderthal era.

Some social scientists think we Americans are going through a neo-Prohibition era. Maybe. But the Cherry Creek principal won reinstatement because the community thought he had been unfairly treated. Likewise, to the chagrin of social conservatives, the nation as a whole seems largely untroubled by Bill Clinton's alleged affairs. Most Americans seem to have zero tolerance for zero tolerance.

But the issues here are not ideological — they are eminently practical: What is best for children? Always, the answer is education, knowledge, an appreciation of both the pleasures of a substance (or an act) and its risks — and, of course, the admirable virtue of moderation. Cherry Creek's youngsters, though, were instructed in arbitrariness, absolutism and the supposed virtues of ignorance.

I bet they can't wait to finish the bottle.

The Washington Post.

LETTERS TO THE EDITOR

Other Genocides

Regarding "French Vote on 1915 'Genocide' Infuriates Turkey" (May 30):

While I applaud the French National Assembly's motion recognizing the Armenian genocide of 1915, the French government should pass similar resolutions recognizing other well-documented genocides.

In addition to those massacres to which the term "genocide" is now commonly applied — for example, those in Rwanda, Bosnia and East Timor, for which Western governments bear some responsibility, and of course the Nazi Holocaust — the attacks on Native Americans also qualify as acts intended "to destroy, in whole or in part, a national, ethnic, racial or religious group" (from the definition of genocide in the UN Convention on the Prevention and Punishment of the Crime of Genocide).

It would be foolish to attempt an exhaustive list of genocidal

acts, but I would also include the enslavement and decimation of Africans and the mass killings in Hiroshima, Nagasaki and Vietnam. (U.S. historians rarely use "genocide" to refer to things Americans have done, which reinforces the idea that great acts of evil are done only by others.)

The French Parliament's willingness to recognize other genocides will show whether its motion on the Armenian genocide is more than just a political act. Denial of genocide continues in Turkey and elsewhere, which is deplorable. But many Turks who understand the historical reality of 1915 are nonetheless insulted by the term "Armenian genocide."

I think this is partly a reaction to the mistaken and prejudiced idea that Turks somehow "invented" genocide. Perhaps the Turkish people would feel less offended and singled out by the term "genocide" if other crimes against humanity were known, as Bill Clinton said recently in Rwanda, "by their rightful name."

TODD DAVIES,
Istanbul.

Europe's Holidays

Is it not time to coordinate Europe's numerous holidays?

On the Continent, May 1 was a public holiday, so the stock exchanges were closed; yet London was open. May 4 was a vacation day in the United Kingdom but was not a holiday elsewhere in Europe. May 8 was a public holiday in France, so the Paris Bourse was closed, yet other European financial centers were open (the same was the case on May 21). On June 1, markets on the Continent were shut while London stayed open.

This scenario, in which some stock exchanges are open and others are closed, is repeated all year long. How can there be an easy flow of trade and money if there is no coordination of European stock exchanges?

If we in Europe wish to compare the European Union to the United States, we ought to begin by coordinating our public holidays.

F.E. WRIGHT,
Monte Carlo.

Leave Monica Alone

How is it that Monica Lewinsky has been deprived of the normal rights of American citizens and is hounded by the judiciary and paparazzi? How is it that the mere allegation of her having had a sexual relationship with the president justifies the probing of her intimate life by male lawyers?

I am not being flippant when I say that if Bill Clinton and Ms. Lewinsky indeed had an affair, they would deserve imprisonment if they did not perjure themselves and suborn witnesses. What they should have told Ken Starr at the outset was that he should mind his own business.

PAUL BECKE,
Edinburgh.

BOOKS

THE BIOTECH CENTURY: Harnessing the Gene and Remaking the World

By Jeremy Rifkin. 271 pages. \$24.95. Tarcher/Putnam.

Reviewed by Charles Platt

DOOMSAYERS have always been in plentiful supply. "Resources are scarcely adequate to us," wrote the Roman scholar Quintus Septimius Florus Tertullianus, "while already nature does not sustain us." This was around 200 A.D., when world population was under 300 million.

Tertullianus was wrong. Malthus was wrong and modern academics have been wrong — most spectacularly when an MIT study team deduced from a massive computer simulation that all reserves of lead, tin, zinc and petroleum would be exhausted within 20 years. This was back in 1972.

Still, the abysmal track record of pessimistic pundits has overimpaired their popularity — which explains Jeremy Rifkin's lucrative career as a geo-splicing alarmist, even though none of his horror scenarios has come close to reality, while research continues safely under severe restraints and promises huge benefits ranging from cancer cures to new crops that will fight Third World hunger.

Of course, recombinant DNA raises ethical issues and has frightening military applications. But in "The Biotech Century" Rifkin goes far beyond these specifics. With Old Testament hyperbole he warns of an impending "second genesis" threatening "a biological Tower of Babel spreading chaos throughout the biological world and, in the process, drowning out the ancient language of evolution."

In fact, nature already is a chaotic system and the "ancient language of evolution" is a risky process of random

mutations. The AIDS virus emerged from one such mutation; likewise, numerous hereditary birth defects that cause untold misery. We'd be wise to learn how to inhibit these "natural" processes merely for our own self-defense.

Rifkin, though, warns that the power to cure defects can also be used to create superchildren. "Customized" babies could pave the way for the rise of a eugenic civilization in the twenty-first century," he says. Yet no one complains today if a woman chooses a husband for his intelligence or his good looks, hoping that her children will inherit those traits. Shouldn't individuals be allowed to control this process with less uncertainty?

In March 1996, UNESCO denied this right, claiming that "the human genome is the common heritage of humanity." Thus, women should be forbidden to modify their ova, or men their sperm, because germ plasma belongs to future generations of our species, not the person in whom it resides.

Rifkin extends this dubious principle even further, opposing private ownership even of plant genes, especially by pharmaceutical companies that extract useful DNA sequences in Third World countries. He doesn't explain who will pay to turn these sequences into drugs, test them and market them if no one is allowed ownership rights. He simply rejects the idea.

"Life patents," he writes, "strike at the core of our beliefs about the very nature of life."

His view of life, however, is somewhat inaccurate. He complains that gene splicing alters "our concept of nature and our relationship to it, reducing all of life to manipulatable chemical materials." But life cannot be reduced to chemistry; it is chemistry, as was proved almost a century ago when sea urchins were fertilized with inert

chemicals in a famous experiment at the Woods Hole marine biological laboratory.

Since then science has established that every cell contains its own DNA program, and currently it is learning how to modify that program with greater precision. To Rifkin, this seems a threat and an insult, possibly for religious reasons, though he does not mention his own faith.

"The Biotech Century" purports to be an objective guide, but this is a deliberate deception. Rifkin makes no attempt at a fair or balanced assessment, and does not reveal to the reader his long record of anti-science activism. His "survey" of the next century is an endless catalogue of horrors, real or imagined, and he offers no suggestions for solutions.

If genetic research is impeded, millions of people will remain hungry or will die unnecessarily. If scare tactics by doomsayers encourage legislation that outlaws some activities (such as cloning), the work will move offshore to nations where fewer safeguards may exist, thus creating greater risk. Because "The Biotech Century" encourages these outcomes, it raises an intriguing question: Who is more dangerous, the scientist seeking to enhance our lives or the pundit who promotes unreasonable fear?

Rifkin would like tighter controls on risky research conducted by greedy pharmaceutical companies. By the same logic, he should favor restrictions on reckless doomsayers, who work without regulatory supervision and profit handsomely while accepting no responsibility for the social consequences of their scaremongering.

Charles Platt, who writes about science and new technology for Wired magazine and other publications, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

Readers who are reaching for an indignant pen to complain about the bidding diagram may relax. It actually happened as written at the Eastern Regional Championships in 1962. In those long-dead days the fields were far bigger for the major events, the Goldman Pairs and Reisinger Knockout Teams, and Reisinger was always in Manhattan. This weekend, because hotel space is at a premium in New York City, enthusiasts who are used to playing in midtown must grumble their way to the Sheraton Hotel in Stamford, Connecticut.

In 1962, strong two-bids were very much alive, instead of the dinosaurs they are now,

and the skip-bid warning was a new idea: Players had to learn that they were required to hesitate for 10 seconds after a pre-emptive action.

West was excited by the sight of the biggest hand he had had for years and opened with a strong two-bid in diamonds. He did not take into account the fact that he was not the dealer, and that South had announced "skip bid." Perhaps he thought it was a pass.

The tournament director was summoned, and ruled that the two-diamond bid was canceled and that South was now required to complete his thought and make a skip bid. "But look at my hand," screamed South.

"I do not want to see your hand," was the reply. "Just

go ahead and make your skip bid."

In a disgusted-with-it-all voice, South hid three diamonds, and West doubled loudly. In other circumstances East would have bid three hearts, but since his partner had wanted to open two diamonds, strong, this double was clearly for penalties.

Five minutes later the director returned and announced that he was awarding an average-plus score to North-South, the innocent parties.

"What do you mean, average-plus?" screamed South. "You must be out of your mind! I cannot see any reason why you should change the rules just for this one particular hand. Believe me, I'm satisfied to abide by the rules no matter what

the result may be."

And he happily signed a result slip showing that he had scored 670 for making three diamonds doubled.

NORTH		EAST	
♠ K 7 5 3 2		♠ 8 4	
♥ 4 3		♥ J 10 8 7 6 5	
♦ 3		♦ 2	
♣ K 10 6 4 3		♣ 8 7 2	
WEST		SOUTH (D)	
♠ A Q 8		♠ J 10 8	
♥ A K Q		♥ 7 2	
♦ A 6 5 4		♦ K Q J 10 8 7	
♣ A Q J		♣ 9 5	
The bidding:		North and South were vulnerable.	
West	North	East	South
(Skip)	2♦	3♦	Pass
Pass	Pass	Pass	Pass

West led the heart king.

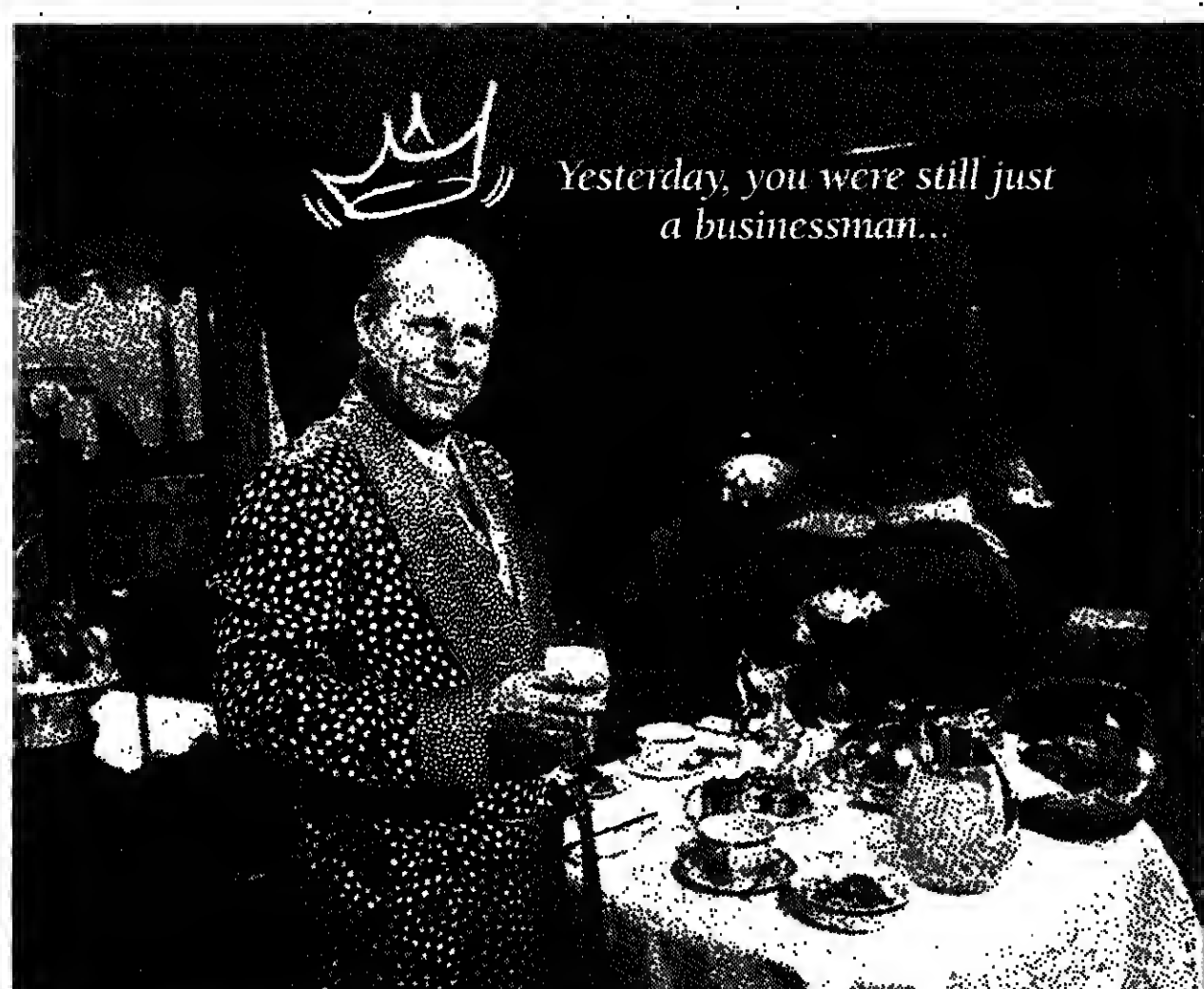


Photo taken at the Warwick Champs Elysees, Paris.

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Leisure

A Hawaiian Hero, Come Rain or Come Shine

By Jocelyn Fujii

HILO, Hawaii — I think of Hilo, rain or shine, as the unsung hero of the Hawaiian Islands. Residents of the town on the island of Hawaii, known for its abundant rainfall, have retained their spirit through the devastating tsunamis of 1946 and 1960 and the more recent economic struggles of sugar plantation closings. The engines of tourism and economic development raced past Hilo, creating an oasis of green in a sea of lava. Modest plantation-style homes have yards full of ginger, orchids and other riotous blooms, as well as litchi trees that bulge with fruit during summer.

There is a Hawaiian saying: *Hana mau 'ole ka ua a Hilo* — Endlessly pours the rain of Hilo — it averages nearly 11 feet a year. When I wake up in a Hilo waterfront hotel, the first thing to do is listen for rain and the gurgling of Hilo Bay, and the second thing to do is look out the window to see if the summit of Mauna Kea (Hawaii's highest mountain) is visible.

Yet during a recent visit, the skies were clear and the view unobstructed. I sat in a light-filled breakfast room at the Shipman House Inn, five or six blocks inland from the bayfront.

We stayed in Auntie Carrie's Room upstairs, which cost \$140 and featured a private bath, an ornate antique four-poster bed made of koa (a native hardwood) and a 12-foot ceiling. We had just finished our breakfast when the proprietor of this year-old inn, Barbara Ann Andersen, unveiled another marvel. A friend had just dropped off some cuttings taken from the first vanda orchid plant brought to the Big Island, she told us, producing a tangle of roots and leaves. Vanda orchids are often used in leis and in fact were introduced to Hawaii in the 1800s by Andersen's ancestors.

WAITING OUT THE DROUGHT

Outdoors, on the five and a half acres surrounding the inn, a light breeze wafted through the 20 varieties of fruit trees that produced most of the food on our plates. Soon after breakfast, Andersen found a home for the vanda cutting in the shade of a furry tree fern. She placed the orchid within easy reach of a hose until the drought that had been generated by El Niño was over.

Hilo, which in 1990, its wettest year on record, received nearly 18 feet of rain, had had only 6.2 inches in the first three months of this year. (Nearly 9 inches more fell in April, but that month

usually brings more than 15 inches.) Hawaiians have some 40 terms for rain, and Hilo residents know most of them.

Although the decrease in rain has devastated farmers, El Niño has been good for surfers and visitors. Hilo Bay waves are crisp, the parks dry and welcoming, and the snorkeling in the spring-fed shoreline along James Kealoha and Lelewi beach parks, near Richardson Ocean Center, the best on the eastern side of the island.

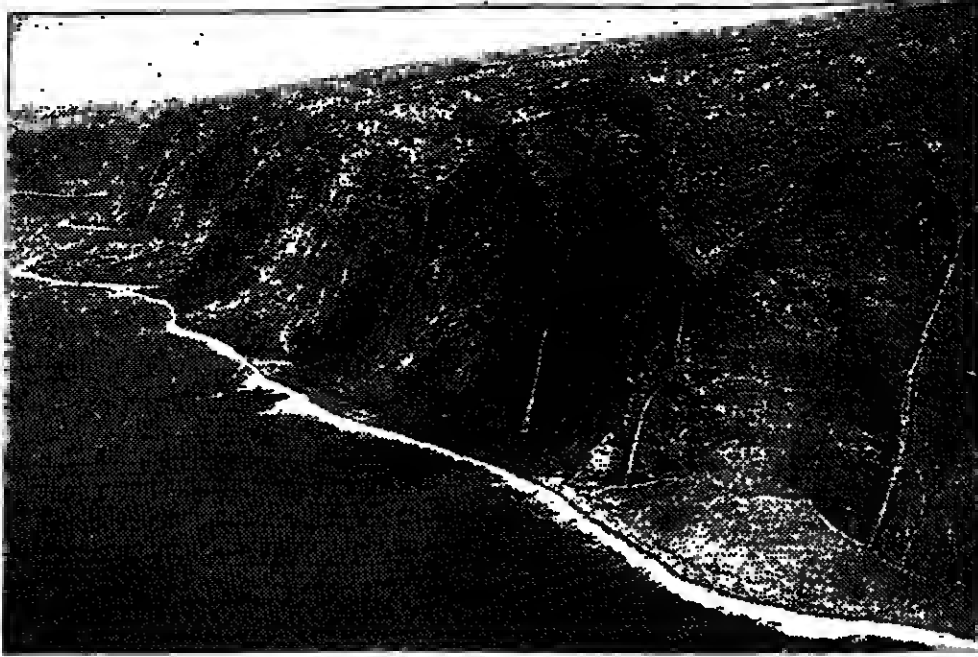
The main recreational area for Hilo beachgoers, Kealoha and Lelewi are on a stretch of shoreline east of downtown Hilo and the bayfront, bordered on one side by vast acres of ponds and on the other by reef-protected ocean.

The weekend we visited, there was no rain and Mauna Kea's summit, 13,796 feet (4,180 meters), was always visible. As our plane approached Hilo I saw waterfalls, arched bridges and the corrugated iron roofs of plantation homes, painted yellow, red, green and turquoise. From the air, the rock gardens and prim stone bridges of the 30-acre Liliuokalani Park looked like minimalist sculpture.

On Saturday mornings, the Farmers Market downtown on Kamehameha Avenue teems with elbow-to-elbow shoppers who scoop up fresh, inexpensive: anthuriums, proteas, orchids, lettuce, herbs, homemade vegetable and chicken tamales, gourmet macadamia nuts, fruit breads and fleshy, ruby-hued tomatoes. While I reluctantly pay \$3.50 apiece for green anthuriums in Honolulu, at the Hilo Farmers Market they cost \$6 for a bunch, and the more common red ones, \$3.50 to \$5 a bunch.

The most popular green market in the state, it is loved as much for its local color as for the quality and freshness of its produce, grown from sea level and up on the flanks of the island's five volcanoes. A leisurely whirl through the market is like a journey through the many ecosystems and ethnic traditions of the island.

Kamehameha Avenue also is lined with shops and restaurants in historic buildings such as the S. Hata Building, a 1912 structure in the Renaissance Revival style, and the S.H. Kress Building, a 1932 Art Deco structure that temporarily houses an exhibit from the Pacific Tsunami Museum. Photos show the extensive damage to Hilo from the 1946 and 1960 tsunamis. In June, the museum will move down the street to a



Waterfalls on the island of Hawaii, which the engine of tourism has passed by.

larger space in the First Hawaiian Bank building, which was designed by C.W. Dickey and built in 1930.

I ducked into Sig Zane Designs a few doors away. Some islanders fly to Hilo just to buy the shop's aloha wear and Hawaiian collectibles. The store's cotton shirts, dresses and home accessories depict the bold graphic designs of culturally significant Hawaiian plants like koa, breadfruit, taro and lehua blossoms. Aloha shirts cost \$45 to \$59 and the new long-sleeved linen shirts with koa patterns, \$75. The store's salespeople are generous with their time and will explain the plants' meanings and uses.

THE MERRIE MONARCH Every year during the week after Easter, Hilo erupts in the cultural explosion known as the Merrie Monarch Hula Festival. Hotels that line Banyan Drive along the shore are sold out for the week. Employees and owners of businesses like Zane's, who are serious students of hula, get involved in creating costumes and rehearsing.

"Because we live on a volcano, we have a natural energy all around us, always percolating," said Zane, a dancer who is married to Nalani Kana'ole, a revered hula master and one of two sisters who lead Halau O Kekuhi, a local hula school. "The island itself is one of our biggest sources of inspiration. For Merrie Monarch, we're learning a

chant about the creation of the islands. We are talking about land giving birth. Here, on this island of volcanoes, it's ongoing, it's real, it's tangible."

The Hilo Monarch on Dragon Mama Natural Fiber Fution Shop, a few feet away from Hana Hou, are vintage as well, but mostly the store sells fabrics. Bolls of extraordinary silks and cottons line one wall for those who prefer their clothing custom made. (When the Dalai Lama visited the island, Dragon Mama sewed his fution and bedding.) The pillows, clothing, oh! funs and home accessories, of natural fibers, express a strong, quiet Japanese aesthetic. Items range from a \$12 pillow to \$32-a-yard silk fabrics.

One block inland, or mauka ("toward the mountain") from Kamehameha Avenue, Manna Kea Galleries on Keawe Street offers hand-colored lithographs, early Hawaiian maps, vintage Hawaiian china and paintings by Hawaiian masters. It is worth a jaunt a few blocks inland to visit the intimate Lyman House Memorial Museum, where you can learn everything from the geology of Hilo to its plantation past, Hawaiian gods and architecture.

Hilo also generates most of the cookies, candies and snacks given as *omiyage* in the local custom of gift-giving when flying between islands. In addition to the Puna papayas and macadamia nuts that are Big Island trademarks, there are renowned chocolate-dipped shortbread

cookies made by Big Island Candies in Hilo.

Seafood lovers can't miss in Hilo. At the southern end of Hilo Bay, where Liliuokalani Street meets Kamehameha Avenue, Susan Fish Market's early-morning fish auction draws throngs of wholesalers who bid in pidgin, the local parlance, for supplies that will soon appear on menus. Those who arrive earlier than 7:30 A.M., when the auction begins, can watch the fishermen unload their catch on the pier.

Ocean Sushi Deli, a year-old sushi bar with zero ambience that specializes in local hybrids like lomi salmon, ophi (limpet), and ahi poke (seasoned raw fish), was so crowded that it took us three tries to get in. The ahi poke sushi, and the lomi salmon with its flavors of salt, onions and tomato, made it well worth the wait — at \$2 an order. We also took advantage of the deli's catering services to order a platter of sushi for takeout — something to consider on a sunny Hilo day, when the picnic tables on Hilo Bay or at Liliuokalani Park beckon.

My favorite place for lunch is a simple wagon on Hilo Bay called Island Grinds, north of the bridge. The wooden-sided lunch wagon is the quintessence of Hilo style. It sits under a willow ironwood tree, with a table and chairs on the beach.

LISA WERNER and her partner, Norina Page, keep the wagon open from 10 A.M. to 2 P.M. weekdays except Tuesday. They also run a delivery and catering business. The food — kalua style (slow-roasted, shredded) turkey, fresh fish, Cajun taro burgers, black-bean-and-lentil burrito, lilikoi (passion fruit) and macadamia nut cole slaw, taro potato salad and daily specials — is health-conscious, and the servings are generous. And the fresh fish always costs \$5.50 with salad, regardless of market price.

Parked on the sand a few feet from shore, the tiny lunch wagon is stronger than it looks, having survived an eight-foot wave two years ago. The wagon and Ford truck were dredged out of the bay.

"What do you do when it rains?" I asked.

"We stay," she said without hesitation. "We stay."

Jocelyn Fujii, author of "Under the Hula Moon," lives in Honolulu and wrote this for The New York Times.

A Wealth Of Jazz in Summer Festivals Keep Getting Richer

By Mike Zwerin
International Herald Tribune

IT doesn't seem possible but Europe's summer festivals keep getting richer, bigger, more inventive and more varied than ever. New ones keep joining the old ones and the old ones don't go away.

Warning! All of the players of jazz music checking their horns in and out of airports as they go around on the festival circuit at this time of year, plus their fans, will be joined by players of the game of football and their supporters getting on and off the same flights. Plan ahead.

The following is a mere sampling and most of the musicians play more than one festival. Many more. Telephone numbers include codes for dialing from abroad:

A FLEUR DE JAZZ, Parc Floral de Paris, June 6-Sept. 26: Every Saturday afternoon at 4:30. Ten-franc admission to see the flowers, the music is free. Jacky Terrasson, Jack DeJohnette, Mike Stern, Helen Merrill, Philip Catherine, Roy Haynes, Martial Solal, Aldo Romano, Paul Motian, Kenny Garrett, Triolet Gurtu. (33-1) 43-43-92-95.

JAZZ A VIENNE, France, June 27-July 11: A town on the autoroute between Lyon and the Cote d'Azur, worth a two-week detour. Tony Bennett, Manu Dibango, Dee Dee Bridgewater, Vanguard Jazz Orchestra, McCoy Tyner, Mavis Staples, Blues Brothers, Carla Bley, Sanguine Everett, Kenny Werner, Duke Robillard, Johnny Griffin, Louis Sclavis, Barbara Hendricks and Monty Alexander, Taj Mahal. (33-4) 74-85-00-05.

MONTREUX JAZZ FESTIVAL, Switzerland, July 3-18: "Is Montreux a jazz festival?" asked the rich tourist. "Not necessarily," replied the travel agent. Bjork, Bob Geldof, King Sunny Adé, George Benson, Jaron Lanier, Les McCann, Santana, Bob Dylan, John McLaughlin, Cubanismo!, Michel Petrucci, Charlie Musselwhite and on and on. (41-900) 555-678.

JAZZCLASSICA FESTIVAL, Schloss Elmau, Germany, July 7-26: A five-star hotel in a spectacular valley between Munich and Innsbruck. Three restaurants, 350-seat concert hall, a concert every evening. Chick Corea, Tania Maria, Kroos Quartet, Barbara Hendricks and Monty Alexander, Gary Burton and Astor Piazzolla Quintet, Ray Brown and John Clayton, Cassandra Wilson, James Morrison, Herbie Hancock. (49) 8823-180.

UMBRIA JAZZ FESTIVAL, Perugia, Italy. The festival's 25th anniversary. July 10-19: Sonny Rollins, Gilberto Gil, Ornette Coleman, Lee Konitz, Charlie Haden & Paul Bley, University of South Florida Band, Cassandra Wilson, Brad Mehldau, Nicholas Payton, Rockin' Dopsis & the Zydeco Twisters, Enrico Pieranunzi, Carla Bley, Elvin Jones Jazz Machine. (39-75) 572-3327.

NORTH SEA JAZZ FESTIVAL, The Hague (Congress Center), July 10-12: A peaceful long weekend with hundreds of players and thousands of listeners consuming beer and hot dogs at 12 venues. Mingus Big Band, Medesky, Martin & Wood, John Scofield, Joe Zawinul Syndicate, Brad Mehldau, Maria Schneider Big Band, Benny Wallace, Courtney Pine, Ray Brown, David Sanchez, Milt Jackson, Slide Hampton, Stanley Turrentine, Joe Henderson, Tommy Flanagan, Afro Cuban Allstars, Frank Lacy, Earth, Wind and Fire. (31-15) 215-7756.

ANDORRA JAZZ, Andorra, July 15-18: Marcus Miller, Roy Haynes, Kenny Garrett, Joe Zawinul Syndicate, Danilo Perez, Gospel night. (37-6) 890-890.

SAN SEBASTIAN FESTIVAL, Spain, July 24-29: John Mayall, Fred Hersch, Phil Woods Big Band, Chick Corea, Randy Weston, George Coleman, Abdullah Ibrahim, Ladysmith Black Mambazo, Abbey Lincoln, Golden Gate Quartet. (34-943) 481-179.

L'HOTEL D'ALBRET, 31 rue des Francs Bourgeois, Paris 4, July 27-Aug. 3: In a courtyard of a hotel particulier in the Marais. Michael Brecker, Richard Galliano, Michel Portal, David Liebman, Enrico Pieranunzi. (33-1) 45-08-55-25.

JAZZ IN MARCIAC, France, Aug. 6-15: Not far from Toulouse, home of foie gras and Armagnac. Branford Marsalis, Ahmad Jamal, Chucho Valdez, Michel Camilo, Laurent de Wilde, Joe Lovano, John Hammond, Shirley Horn, Elvin Jones Jazz Machine, Dianne Reeves, David Sanchez, Cubalinda. (33-5) 62-09-31-98.

A Stroll in Amsterdam in June Seeking Out Culture Around the Rough Edges

By Eric Weinberger

AMSTERDAM — June is perhaps this city's best month. The weather is usually sunny and dry. It is warm, and for those who haven't had their fill of culture after trips to the Concertgebouw or the Big Three museums — the Rijksmuseum, the Van Gogh and the Stedelijk of Modern Art — there is the bonus of the Holland Festival and its program of music, theater and dance.

An advantage of the season is that you needn't be suffocated in the stained, murky depths of a smoky Amsterdam café. In spring and summer tables are set up outdoors, and the choice spots are always along, or above, the water of the canals, where some of the best entertainment is watching the passing boats.

Most visitors soon discover for themselves the pleasures of aimless strolling in the Jordaan, usually as an offshoot of a visit to the Anne Frank House, on the Prinsengracht. The Jordaan begins on the other side of this canal: a former working-class neighborhood with odd little shops, cafés, artists' studios and *hofsjes* (former almshouses collected around an inner courtyard) in unexpected places.

Amsterdam has largely resisted gentrification. This is a city whose rough edges remain, although they are never dangerous, or even threatening; still, do watch out for the endless stream of cyclists, and the trams.

One of the biggest events in the Dutch cultural calendar is the Holland Festival, June 10 to 27. Monteverdi's "Ritorno d'Ulisse" will be staged at the Stadsschouwburg, 26 Leidseplein, conceived and staged by William Kentridge, a South African, in a modern production featuring puppets. Performances are June 22 to 25 at 8:15 P.M.; tickets are \$15 to \$44.

For a listing of all Holland Festival events: (31-20) 530-7111. Tickets: National Reservations Center, Box 404, 2260 AK Leidschendam, Netherlands: (31-70) 419-5500, fax 419-5519.

The Royal Concertgebouw Orchestra is offering Berlioz's "Damnation of Faust" as its final performance of the season on June 22 at 8:15 P.M. Sir Colin Davis will conduct; tickets are \$40. From July 1 through Aug. 31, there will be concerts every day as part of the Robeco Summer Concert series, featuring distinguished guest performers and visiting orchestras. A highlight will be the Dutch Radio Chamber Orchestra, under the direction of Ton Koopman, presenting music by Mozart over three nights, July 10 to 12, at 8:15 in the Concertgebouw's Great Hall. 2-6 Congressgebouwplein.

Tickets are \$15. For information about all Concertgebouw performances: (31-20) 671-8345, fax 573-0460.

The Netherlands Opera is presenting an unusual collaboration between the English filmmaker Peter Greenaway and the Dutch composer Louis Andriessen, the controversial "Rosa, a Horse Drama," an opera inspired by American westerns, combining elements of theater, cinema, classical music, jazz and big-band sound. Performances (sung in English) are July 6, 8, 9, 10, 12, 13 and 14 at the Muziektheater, 3 Amstel; call (31-20) 625-5455. Tickets: \$20 to \$60.

The Dutch comic performers known as Mini and Maxi are an eternally popular act in their homeland. Their new show, "Split," with aspects of circus, variety entertainment, clowning and musical theater, is at the Nieuwe de la Mar Theater, 404 Marixstraat, until June 27. Tickets: \$20 to \$28; (31-20) 623-3462.

ANCHORS AWEIGH

Holland's wealth in the Golden Age was founded on its far-reaching sea trade, an era depicted in the Maritime Museum, 1 Kattenburgerplein. (31-20) 523-2222, with particular attention to the exploits of the Dutch East India Company. There are also exhibits on naval warfare, domestic and foreign trade, and the history of navigation and cartography. Admission includes entrance to the replica merchant ship Amsterdam, where a costumed crew can be seen going about their duties on board. Watch for "burial at sea" every day at 2. Summer hours: 10 A.M. to 5 P.M. Monday to Saturday, Sundays noon to 6 P.M.; admission \$6.

The most notable expression of the Amsterdam School of architecture is the 1921 public housing known as Het Schip (The Ship), on the Oostzaanstraat, by Michel de Klerk. This triangular block of apartments is unusual in nearly every way, from its oddly placed little windows and spiky steeple at the stern, to the still functioning post office at the bow. Beyond the taste for expressionistic ornament and red tile and brick, the architects were concerned with social issues: two of de Klerk's earlier buildings, also designed as working-class housing, can be seen on the adjacent Spaarndammerplantsoen.

The Van Gogh Museum, 7 Paulus Potterstraat, (31-20) 570-5200, will close Sept. 1 for renovations. Although some of the paintings will be shown in the nearby Rijksmuseum, this is the last chance to view the permanent collection until the museum reopens in April 1999. Open 10 A.M. to 5 P.M. daily; admission is \$6.

The 63-room Jan Luyken Hotel, 58 Jan Luykenstraat, (31-20) 573-0730, fax 676-3841, is well situated for vis-

itors to the Concertgebouw and the Big Three museums; the fancy shops of the P. C. Hooftstraat are right around the corner. Rooms are quiet and well appointed. Doubles are \$170 to \$225.

The 38-room Amsterdam Wiechmann Hotel, 328-332 Prinsengracht, (31-20) 626-3321, fax 626-8962, is a true Jordaan find, a corner grouping of three old canal houses converted into an idiosyncratic small hotel and outfitted tastefully in traditional Dutch style. About a third of the rooms have canal views; there is a large sunny breakfast room on the corner of two canals. Doubles range from \$100 to \$130; no credit cards.

Budget: For those who would like a chance to sleep on water, the Amstel Hotel, (31-20) 626-4247, fax 639-1952, is moored at 2-4 Oosterdokskade, near Central Station. The 176 rooms (all with private bath and TV) are basic, but there are nice views on the canal side. Doubles are \$80 (without breakfast), \$5 cheaper on the land side.

Luxury: The grande dame of Amsterdam hotels, the 79-room Amstel Inter-Continental, (31-20) 622-6060, sits astride the banks of the river Amstel, some distance from the chief attractions. Its palatial splendor perfectly suits its role as an occasional perch for royalty and other notables. Doubles begin at \$427 overlooking the square, \$480 overlooking the river, without breakfast.

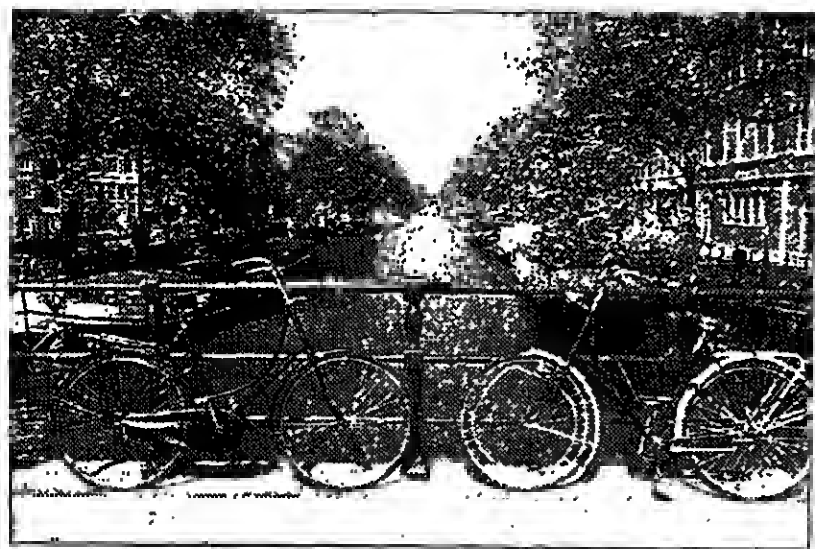
EXCELSIOR, the restaurant of the grand luxe Hotel de l'Europe, 2-8 Nieuwe Doelenstraat, (31-20) 531-1777, provides traditional haute cuisine in a plush dining room overlooking the Rokin canal as it joins the river Amstel. Steak tartare and fresh lobster salad are prepared at your table (\$30 and \$35). Dinner for two with wine averages \$135.

Christophe, 46 Leliegracht, (31-20) 625-0807, offers fine dining in an airy, pleasant room on a side-canal just around the corner from the Anne Frank House. There are two four-course menus (at \$44 and \$54); also lobster served at the daily market price, and milk-fed Pyrenean lamb with ravioli of ratatouille for \$30. Dinner for two, with wine, is \$160.

There are few rooftop views of Amsterdam, but the sixth-floor restaurant of the fashionable Metz & Company department store, 455 Keizersgracht, (31-20) 520-7020, offers breakfast, light meals and salads with sweeping views of the city and canals.

Keuken van 1870, 4 Spuistraat, (31-20) 624-8963, offers the plainest Dutch cooking at the cheapest prices, including a daily two-course menu for \$6.

Eric Weinberger, a native of the Netherlands, wrote this for The New York Times.



Amsterdam emerges in spring and summer as a perfect city for aimless strolling, over the canals, top, or down the Bloemgracht.

سكرا من الامن

ARTS GUIDE

MOVIE GUIDE



William Nicholson's "Golf," "Queen Victoria" and "The Lucky Duck" are on view in Darmstadt, Germany.

BRITAIN

LONDON
Royal Academy of Arts, tel: (171) 300-8000, open daily. To Aug. 16: "Summer Exhibition." An annual event since the Royal Academy's founding in 1768, the exhibition brings together a wide range of new work by international living artists. www.royalacademy.org.uk

Tate Gallery, tel: (171) 887-8000, open daily. To July 26: "Lucian Freud: New Paintings." A selection of new work by the artist (born 1922), most of it completed from 1994 to 1998. Included in the show are large-scale studio nudes, portraits and recent self-portraits etching and smaller works.

FRANCE

MARSEILLE
Chapelle de la Vieille Cherite, tel: 04-91-56-28-38, closed Mondays. To October: "Ans des Mers du Sud." A selection of more than 70 items from Melanesia, Polynesia and Micronesia. The exhibition will travel to Munich in 1999.

PARIS
Chapelle de la Sorbonne, tel: 01-53-23-93-93, open daily. To June 30: "Vasco da Gama and India." More than 100 religious and profane objects documenting the Portuguese navigator's discovery of the route around Africa to India, at the end of the 15th century.

Mona Bismarck Foundation, tel: 01-47-23-38-68, closed Mondays. To July 25: "Reve d'Egypte." Three photographers, Herold Allen, Francois-Xavier Bouchart and Merik Ruwedel, have photographed various buildings, mainly in the United States and France, that reflect the Egyptian influence.

GERMANY

DARMSTADT
Kunsthalle, tel: (6151) 89-11-84, closed Mondays. To July 12: "William Nicholson: Das Graphische Werk, 1895-1905." More than 250 drawings, woodcuts, posters and book illustrations by the British artist (1872-1949). They portray

London characters and European celebrities, illustrate the alphabet and depict sports activities. The exhibit also features posters created by Nicholson and his brother-in-law under the alias J. and W. Beggarstaff.

GREECE

ATHENS
The Megaron, tel: (1) 728-2000, open daily. To June 30: "Treasures of Armenia." A display of illuminated manuscripts, sculptures, gold and silver objects dating from the 5th to the 18th century, on loan from Armenian museums. The exhibits shed light on the deep-rooted piety and idiosyncratic creed of the Armenian people.

ISRAEL

JERUSALEM
Israel Museum, tel: (2) 6470-8811, open daily. To Sept. 1: "In the Light of the Menorah." Looks at how the menorah, or seven-branched candelabrum, was transformed from a sacred ritual object to a symbol of destruction and redemption.

ITALY

BERGAMO
Accademia Carrara, tel: (35) 39-95-40, to June 28: "Lorenzo Lotto." A retrospective of the works of the Venetian Renaissance master Lorenzo Lotto (c. 1480-1556). The exhibition presents 50 paintings in most of the genres in which Lotto worked, such as devotional works, altarpieces and portraits.

FLORENCE
Forte Belvedere, tel: (55) 24-11-77, closed Tuesdays. To Aug. 10: "Beverly Pepper." A retrospective of 30 years of sculptures, models, drawings and photographs by the American sculptor (born 1922). Her works have evolved through the use of iron and steel to her more recent monumental sentinels in open spaces.

VENICE
Palazzo Grassi, tel: (41) 522-1375, open daily. Continuing/To June 28: "Picasso, 1917-1924:

The Italian Voyage." Works created by Picasso following his 1917 trip to Rome, where he worked on decor, stage curtains and costumes for the Ballets Russes.

SPAIN

BARCELONA
Fundacio Joan Miro, tel: (93) 329-2908, closed Mondays. To July 12: "Ficcions Intimes." Photographs by Doisneau, Maar, Man Ray, Duane Michals and others on loan from the Centre Georges Pompidou in Paris. The works are arranged in five sections: portraits, narrative, body, still lifes and landscapes.

BILBAO
Museo de Bellas Artes, tel: (94) 424-27-99, closed Mondays. To July 18: "James McNeill Whistler and Walter Richard Sickert." Oil paintings, watercolors, lithographs and engravings by the two turn of the century painters whose works were created at the time when British art was evolving from realism to abstraction.

MADRID
Museo Nacional de Arte Reina Sofia, tel: (1) 467-50-62, closed Tuesdays. To Aug. 31: "Diseno Industrial en Espana: Un Siglo de Creacion e Innovacion." Documenting industrial design in Spain since the middle of the 19th century, the exhibition brings together 350 items by 200 designers. Among them Antonio Gaudi, who also designed furniture and objects, and Salvador Dali.

SWEDEN

STOCKHOLM
Nationalmuseum, tel: (8) 668-42-50, closed Mondays. To Oct. 11: "Orrefors Glassworks." A celebration of the centenary of the Swedish glassworks, with works by its renowned artisans. www.nationalmuseum.se

SWITZERLAND

WINTERTHUR
Kunstmuseum, tel: (52) 257-51-62, closed Mondays. To Aug. 23: "Die Sammlung Georg Reinhart." From the collection of Georg Rein-

hardt, French works by Degas, Cezanne, Renoir, Bonnard; Expressionist works by Kirchner, Hoyer and Masereel; Swiss paintings by Stocklin and Epper; and oriental art from Tibet, China and Japan.

UNITED STATES

NEW YORK
Metropolitan Museum, tel: (212) 570-2791, closed Mondays. To Aug. 28: "Prayerbook for a Queen. The Hours of Jeanne d'Evreux." Because they were recently removed from the binding, the main pages of the Hours, created by the Parisian illuminator Jean Pucelle early in the 14th century, can be exhibited simultaneously.

PHILADELPHIA
Philadelphia Museum of Art, tel: (215) 684-7450, closed Mondays. To Aug. 2: "From the Sculptor's Studio: Italian Baroque Terracottas From the Hermitage." 35 sculptural models, including works by Bernini, Algardi and other 17th-century Roman artists. pma.libertynet.org

WILLIAMSTON, MASSACHUSETTS
Sterling and Francine Clark Institute, tel: (413) 458-9545, closed Mondays. To Sept. 7: "Degas and the Little Dancer." Focusing on the half-scale sculpture of a homely ballerine, the exhibition brings together 60 sculptures, paintings, pastels, drawings and prints. www.clark.williams.edu

CLOSING SOON

June 7: "The Treasures of Hera: Greek Antiquities Discovered in Southern Italy." European Academy & Accademia Italiana, London.
June 7: "Landscape as Cosmos of the Soul: Nordic Symbolist Painting Up to Munch, 1880-1910." Wallraf-Richartz-Museum, Cologne.
June 7: "Realistes des Annees 20." Musee-Galerie de la Seita, Paris.
June 7: "Black on White: Colonialism Seen by Africans." Kunsthal, Rotterdam.
June 7: "Pierre-Paul Prud'hon." Metropolitan Museum of Art, New York.

HOPE FLOATS

Directed by Forest Whitaker.

U.S.

After floundering in "Speed 2: Cruise Control," Sandra Bullock tries to bury her muddled career in "Hope Floats." But despite its hopeful title and a warm inland location, this dawdling family dramedy proves as sodden as a bed-wetter's mattress. Bullock, making her debut as a producer, plays a youngish corporate wife and mother who falls apart after learning of her husband's affair with her best friend. With no place else to turn, Birdce (Bullock), along with her precocious daughter (Mae Whitman), goes back home to sleepy, little ol' Smithville, Texas. After moping about in an old bathrobe for much too long, Birdce sets out to reclaim her life. But first, the former prom queen must overcome the wrings she did her fat high-school classmates as well as forge a closer bond with her overbearing and eccentric mother (Gena Rowlands), cope with her father's growing dementia and her daughter's separation anxiety. Birdce's problems grow more numerous, but not the least bit interesting or complex when a former classmate (Harry Connick Jr.) begins his persistent pursuit. Time passes, the suds thicken and the filmmakers — director Forest Whitaker of "Waiting to Exhale" and writer Steven Rogers — go to increasingly melodramatic lengths to pump up this emotionally inert sobfest. They jerk tears, warm cockles, tug heart-strings. And that can be very painful. (Rita Kempley, WP)

in ways he could not have anticipated, and his discreet paranoia sets the tone for the rest of this enveloping story. Engstrom makes a grievous misstep and spends the rest of the film trying to protect his secret. Though "Insomnia" has the makings of a standard police procedural tale, beginning with the killing of a beautiful young woman named Tanja (Maria Mathisen), it has the style of a more unnerving psychological thriller. As written concisely by Nikolaj Frobenius, it contrasts the standard crime investigation with Engstrom's private nightmare, made that much more disturbing by his stony, guarded demeanor and furtive glances. Skarsgard's performance as a man pushed to the

breaking point gives the film its share of Hitchcockian undercurrents. And Skjold-bjaerg's understated, elliptical direction keeps the material dangerous and volatile, with frequent small touches of the unexpected as Engstrom shows increasing signs of strain. (Janet Maslin, NYT)

Big Hit

Directed by Che-Kirk Wong. Hong Kong.

If anyone needs more evidence that the barbarians are not merely at the gates but inside the perimeter, here it is in "The Big Hit." Another — yet — in the series of Americanized Hong Kong action films, this low blow of a movie follows as a sensitive

widdle contract killer (Mark Wahlberg) falls in love with his kidnap victim (China Chow), dumps his parasitic fiancée and his mercenary mistress (Christina Applegate, Lela Rochoo) and goes straight by blowing away various hundreds of thugs sent after him as he flees with Chow. Directed by Che-Kirk Wong under the guidance of John Woo, the movie is cut to a rapper's beat, full of wannabe gangstas pretending to be of a darker hue, all but impossible to follow and so callous toward that thing called "life" that it becomes an ordeal. Though R-rated, its real target audience is under 18 — either in years or IQ points. (Stephen Hunter, WP)

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FREQUENT TRAVELER

Time to Get Cracking on VAT

By Roger Collis
International Herald Tribune

MORE business travelers are saving as much as 20 percent on their travel expenses in Europe by reclaiming value-added tax on hotel and restaurant bills, telephone charges, car rental, conference and exhibition costs, training seminars and other services.

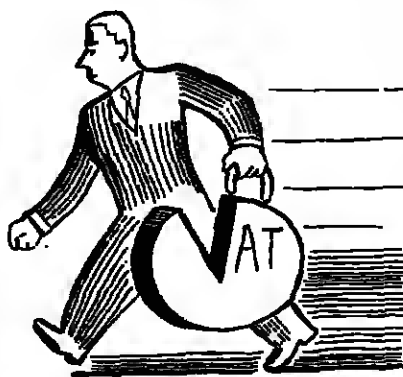
But thousands more are losing serious money because they are not reclaiming VAT, says Ian Bryant, managing director of Quipsound European VAT Recovery in London. "The main reason people are not reclaiming VAT is that they can't be bothered; they write it off in their accounts and forget about it," he said. "Whereas if they took a little bit of time and trouble to pull out the invoices, they could save vast amounts of money. There are millions of dollars out there not being recovered by companies not giving VAT recovery the priority it deserves."

Now is the time to start. You may still be able to meet the June 30 deadline for reclaiming VAT for 1997. If claims are not made by that date, you lose all the tax you paid last year.

VAT is a consumer tax imposed on goods and services by all 15 member states of the European Union and Switzerland, Iceland, Norway and Hungary. Japan, Korea and Canada also have forms of VAT.

Unlike a straightforward sales tax, such as city and state taxes in the United States, VAT is a "cascade" tax — the tax man taking his bite on the "added value" of sales for every transaction, which is passed on to the next customer. The next customers (provided they are registered for VAT, which means they invoice VAT to their customers) can reclaim VAT on goods and services they have purchased. It sounds complicated — it is. It was invented by the French (who else?) and has been adopted throughout the EU. Travelers based in the EU — as long as they are registered for VAT — recover the tax on travel expenses within their own country from their local tax authorities in the normal accounting process.

ONEROUS DUTY Reclaiming VAT for travel across borders is a good deal more onerous. A business traveler — whether or not from another EU country — must submit the VAT claim from each national tax authority according to local procedures and in the local language. The redeeming rule is that all foreign travelers get the same VAT treatment as those in the country they visit. No matter if your company has a subsidiary in the country, provided it is a legal entity, not



a branch office. The legal basis for reclaiming VAT when traveling to another EU country is the Eighth EU VAT Directive of 1980. The 13th VAT Directive, of 1987, extended this right to business travelers from countries outside the EU. Japan, Korea, Switzerland, Canada, Hungary and Norway have followed the EU's lead and now refund VAT to foreign business travelers.

The VAT year is normally January to December, with six months until the following June to submit claims. (The exception is for non-EU travelers claiming VAT refunds in Britain, where the claim period is July 1 to June 30, and the deadline for claims is Dec. 31.) Companies are allowed to make up to four claims a year.

The European Union, which is about to launch the single currency, the euro, is not about to harmonize VAT any time soon. It is up to each member country to determine VAT rates, conditions and procedures for reclaiming VAT within its own borders.

The result is a complicated matrix of what you can and can't reclaim.

You can reclaim all VAT in Britain (17.5 percent) on hotel and restaurant bills (except for "business entertaining"), car rental, telephone charges, exhibition costs and training seminars; Germany (16 percent) is much the same except that you can claim for entertainment; Austria (20 percent) allows hotel bills but not restaurants and car rental; France (20.6 percent) does not allow for hotels and restaurants; Switzerland (6.5 percent) only allows half the tax back on hotels, restaurants and car rental; Finland (22 percent) allows most expenses except restaurants and telephone charges; Italy (20 percent), Ireland (21 percent), Greece (18 percent) and Portugal (17 percent) allow VAT reclaims only on telephone charges, conferences and exhibitions — which can still add up to a lot of money; Spain (16 percent) allows hotel bills and business entertaining, and Sweden (25

percent) allows hotels and restaurants, but only half the tax on car rental. Allow for an average of six months for refunds — two to four months in Britain, Germany and France; one to two years in Italy, Spain and Portugal, and three years or more for Greece. Fortunately, you get more money back faster from countries like Britain, Germany and France, which boast more business travelers, than the Mediterranean countries, where VAT refunds are more meager anyway.

Unless you have your own corporate expert to do the work for you, the best way to claw back VAT is to use a tax reclaim agent. Agents typically charge 20 percent of the VAT recovered on a contingency basis — no charge if the claim is refused.

Meridian VAT Reclaim, one of the largest agents with offices in 23 countries, charges 40 percent for a "full audit service" whereby they comb through your files for travel and entertainment vouchers and prepare a claim for the tax people, or 20 percent if you dig out the invoices yourself.

Quipsound charges 15 percent for travelers based in the EU and 20 percent for those in other countries. "Simply because it's easier to get correct documents from companies who know their way around the VAT system," Bryant said. "We're mostly talking about small to medium-size companies who don't have a local subsidiary to pick up visitors' expenses."

FLEXCO Tax Reclaim in Britain, which specializes in small companies and independent business travelers, charges 20 percent for VAT up to £2,000; 18.5 percent up to £5,000 and 17 percent in excess of that. The minimum fee is £75.

Karen Frain, reclaim manager at Flexco in London, stresses that one must keep original invoices and make sure they are made out properly. "We can claim VAT refunds even for an individual traveler as long as the expenses are business related," she said.

Visa International, for one, is developing an electronic reclaim scheme for corporate card holders.

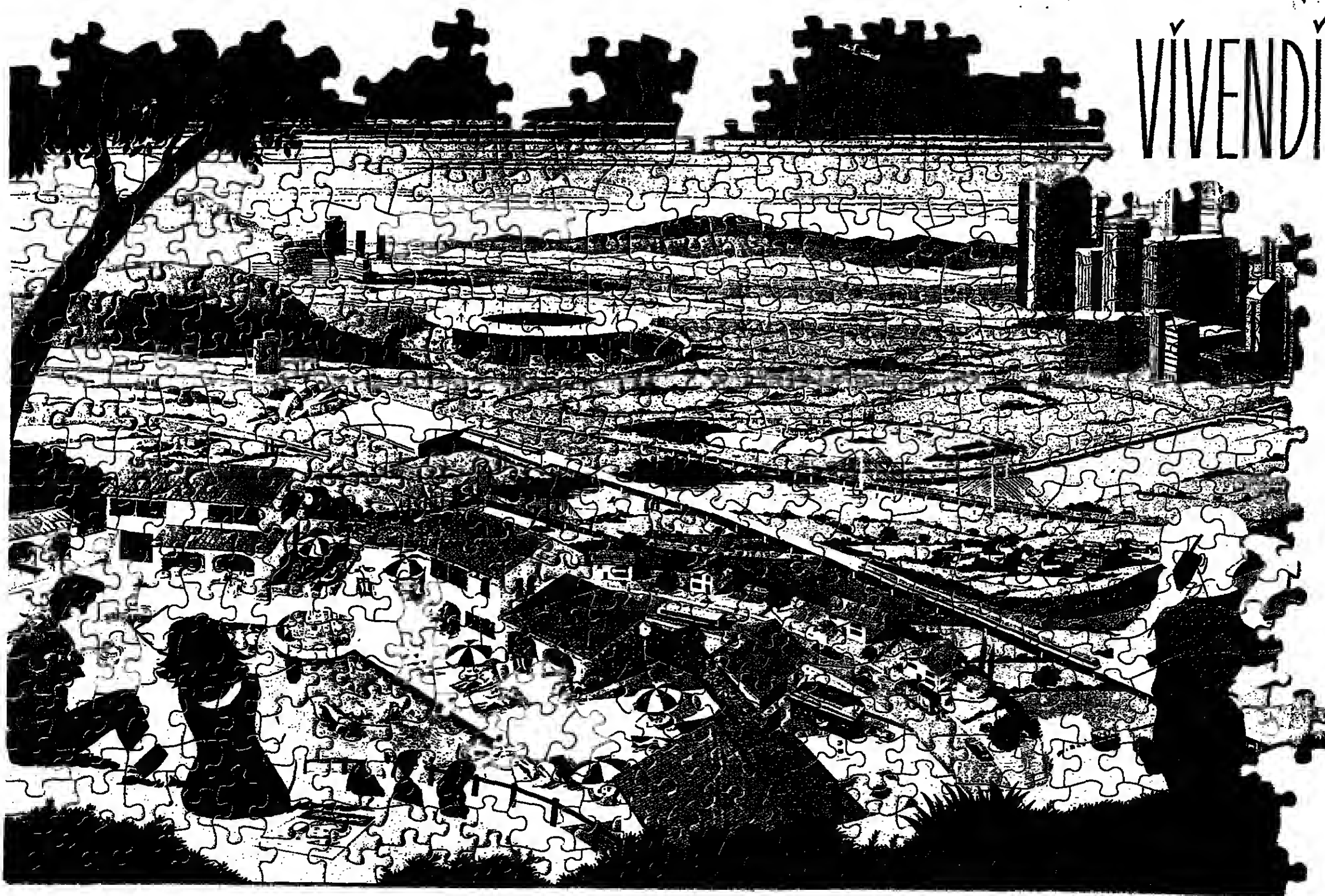
"The British and German tax people have accepted that an itemized electronic expense record is as good as getting a piece of paper from a hotel," said John Chaplin, senior vice president of commercial products at Visa International in London. "There are three legs to this: getting the data from the supplier in the way we want, churning out the expense report at the company, with the traveler's input, and getting agreement from the tax authorities."

GOOD TRAVEL DEALS



AIR CANADA	Canada to Germany	Aeroplan members earn double miles on any published fare between Montreal and Frankfurt plus 25 percent more miles if you travel business class. Until June 30.
AIR NEW ZEALAND/ EVA AIR	Taiwan to Auckland	Book a round-trip business-class ticket with either airline for a free round-trip business-class ticket from Taipei to Hong Kong on Eva Air or an Air New Zealand Airpass for three domestic sectors in New Zealand. Until June 19.
CATHAY PACIFIC	Hong Kong to Britain	A six-day fly/stay package to London costs 10,740 Hong Kong dollars (\$1,385). Tel: (852) 2747-1100.
CITY BIRD	Belgium to United States and Mexico	Half-price companion fares on flights from Brussels to Miami, Orlando, San Francisco, Los Angeles, Las Vegas and Mexico City. You must book before June 15 for travel between Sept. 1 and Oct. 24. (32-2) 752-5252.
EASYJET	London to Athens	New daily service from London Luton with one-way fares from £69 (\$113). (44-1582) 445566.
EMIRATES	Worldwide	Full-fare passengers in first or business class can claim a free round-trip economy ticket for one round-trip; a free first- or business-class ticket for three round-trips; plus a companion ticket at 10 percent of the full fare.
GULF AIR	Middle-East	A new Gulf regional airpass for overseas visitors. For \$45, you can fly Bahrain-Doha or Dubai-Muscat; for \$90, you can fly Bahrain-Muscat, Doha-Muscat or Abu Dhabi-Doha.
JERSEY EUROPEAN AIRWAYS	London to Channel Islands	New daily service from London Luton to both Jersey and Guernsey starts June 20 with one-way fares from £39 (\$64).
UNITED AIRLINES	London to Los Angeles	Round-trip fare of £379 (\$620). Until June 30. Airline Network (44-1772) 727-272.
EMPEROR BYRON HOTEL	Hong Kong	Rooms for 888 Hong Kong dollars (\$115) a night includes buffet breakfast, free local calls and use of a shuttle to points around Hong Kong Island. Until Sept. 30.
HYATT REGENCY	Mainz, Germany	Opening rates of 198 Deutsche marks (\$111) per room, double or single, per night include buffet breakfast. Until Aug. 31.
LE MERIDIEN/VISA	North America/ Caribbean	"Le Weekend" two-for-one promotion gives you a second night free when you pay with a Visa card at the following hotels: Le Meridien Boston, Le Meridien New Orleans, Le Meridien Dallas, Le Royal Meridien King Edward, Toronto, The Watergate, Washington, Le Parker Meridien, New York, Le Meridien, St. Martin, Le Meridien Jamaica. Until Dec. 31.
HOTEL NIKKO	Hong Kong	"10th Anniversary" package for 1,998 Hong Kong dollars (\$258) a night, including service and tax, for single or double includes American buffet breakfast, free local calls, use of pool and health club. For Internet bookings at: www.hotelnikko.com.hk . Until Dec. 31.
THE PENINSULA	Asia/United States	"Summer Packages" at six hotels include room upgrade, up to 40 percent discount on suites, American breakfast, late check-out until 6 P.M. Examples: The Peninsula Hong Kong, 2,700 Hong Kong dollars (\$348) per night for a single, 2,800 for a double; The Peninsula Manila, \$160 single or double; The Peninsula Beverly Hills, \$335 single or double. Until Sept. 15.
RITZ-CARLTON	Asia-Pacific	Summer packages on offer at properties around the region. Examples: Kuala Lumpur, "deluxe" rooms for \$75 a night; two-night stays in Singapore, \$185 a night; Seoul, singles for \$240 a night. Until Aug. 31.

Although the IHT carefully checks these offers, please be forewarned that some travel agents may be unaware of them, or unable to book them.



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INTERNATIONAL

CHINA: Hong Kong Crowd Remembers the Tiananmen Massacre

Continued from Page 1

consciousness in 1989. But since this time British-ruled territory was handed over to China a year ago, this gathering marked the first time the Tiananmen massacre has been commemorated on Chinese soil. Elsewhere the mainland, attempts to mark the anniversary have been routinely suppressed.

Rally organizers estimated the crowd at 40,000 people, but Hong Kong police said the number was lower.

Various speakers at the rally, and those who came to participate, said whatever the final figure, the heavy turnout in driving rainstorm showed that Hong Kong would not be cowed when it came to standing up for its beliefs and traditions.

"Before I was a little bit scared" about coming, said a 45-year-old civil servant who gave his name only as Lam. "But we could fight for democracy and freedom."

Also, the Chinese citizens who enjoy the most freedom and have the broadest democratic and civil rights, many Hong Kongers said they feel a special responsibility to hold rallies like this, to push for greater democratization on the mainland.

"If people in China do what we are doing here, they will be repressed," said Eric Si, a 21-year-old business student. "So we must stand up."

"In the whole of China, only Hong Kong enjoys a little bit of freedom," said a 19-year-old retiree, Chan Kwing-yeung. "I don't think people in Hong Kong will ever forget the Tiananmen Square massacre," he said. "Look here, tonight, even in this downpour, people have all come out."

May he said the very fact that this rally is being held at all demonstrated the security of China's commitment, which took over this territory one year ago, to leave Hong Kong's freedoms and way of life unchanged. As the first anniversary of the historic handover approaches in a little more than three weeks, many Hong Kongers have expressed surprise at Beijing's hands-off approach to the territory, and how so far, so little has changed.

Last year's Tiananmen Square commemoration drew a crowd of 55,000 people, with many then saying they believed it would be the last, because the new Beijing-appointed regime would never allow the tradition to continue.

Last year, Chik, a chief executive for Hong Kong, Tung Chee-hwa, urged Hong Kongers to stay away and put their Tiananmen concerns behind them, but the huge turnout was a direct show of defiance. This year, Mr. Tung and local officials have stayed largely silent as the

rally and other events marking the 1989 crackdown have gone forward.

"I think the most important thing is that it can be held as usual," said Joseph Cheng, a political science professor with the City University of Hong Kong.

"This is quite reassuring for Hong Kong people, that the 'one country, two systems' formula works," he said, adding, "It certainly reflects China's hands-off policy towards Hong Kong."

The second significance is that it is now held in China, because Hong Kong is a part of China, Mr. Cheng said. "People can now hold vigils and make statements on Chinese soil."

For many who have marked the Tiananmen anniversary regularly, the real danger now is not the threat of government repression to stamp out the yearly gatherings, but the problem of fading memories and a tendency to forget.

A Hong Kong University survey published Thursday on local attitudes to-

ward the 1989 crackdown showed that now only 55.2 percent of Hong Kongers say Beijing did the wrong thing to violently end the protests on the square. This compares with 71.9 percent who said in 1995 that Beijing did the wrong thing, and 63.1 percent who said so last year.

Four years ago, only 9 percent of Hong Kongers said China acted correctly when it cracked down and killed the students at Tiananmen Square. This year, 13.3 percent said China acted correctly.

Some analysts said the figures reflected both acknowledgment that the human rights situation in China has been gradually improving, and the fact that memories tend to fade or become blurred over the years.

But at the vigil Thursday, the stalwarts who came out despite the rain said one of their aims was to make sure people always remembered what happened on June 4 nine years ago.

Tiananmen Square Recalled By Discreet, Quiet Mourners

BEIJING — Despite a police roundup of dissidents, mourners discreetly came to Tiananmen Square on Thursday to commemorate the military's crushing of the student-led opposition movement nine years ago.

At the vast square in Beijing, police and soldiers maintained an obvious presence, with soldiers drilling with Chinese-made AK-47 assault rifles near the Great Hall of the People, off the square's western fringe.

About two dozen dissidents were rounded up nationwide to prevent commemorations of the protests and the military assault that ended them on June 4, 1989. Hundreds — if not thousands — were killed in Beijing, and

thousands more arrested around the country.

Bao Tong, who spent nearly eight years in custody as the highest-level Communist Party member jailed after the Tiananmen crackdown, said Thursday that he had been ordered by the police not to speak to foreign reporters.

The police on Thursday quickly pounced on two men of them in a wheelchair, who threw leaflets in the air near the center of the vast square.

Five young men who participated in the 1989 protests as college students came to the square as they have every year to commemorate the killings. One wore white, the traditional color of mourning in China.



A plainclothes policeman and two military policemen picking up leaflets that were strewn by protesters in Tiananmen Square in Beijing to commemorate the killings of pro-democracy demonstrators on June 4, 1989.

Kim Heads to U.S. With a Full Agenda

By Kevin Sullivan
Washington Post Service

TOKYO — President Kim Dae Jung of South Korea travels to the United States on Saturday for a nine-day visit in which he will seek new American investment and discuss ways of drawing North Korea into the international community.

Mr. Kim, 73, has filled his schedule with an almost impossible number of engagements — including at least 15 speeches — in four cities on both coasts. His itinerary includes a state visit at the White House, addresses to a Joint Session of Congress and at the New York Stock Exchange and promotional pitches to Silicon Valley investors in California.

"He wants to come back with at least something for the South Korean people," said You Jong Keun, one of Mr.

Kim's top advisers. "Whether it's some concrete investment or some kind of moral support — whatever it is, he wants to bring something back with him."

The South Korean economy is in desperate shape, held together largely by an emergency \$57 billion bailout from the International Monetary Fund.

Mr. Kim has said foreign investment, especially by American companies, is the key to his nation's recovery.

During his trip, Mr. Kim said, Mr. Kim is expected to announce a major new investment deal, worth "at least a billion dollars," between General Electric Co. and Korea Air, the state-owned airline.

Mr. Kim is also expected to discuss with President Bill Clinton and members of Congress the possibility of a gradual easing of U.S. economic sanctions against North Korea.

U.S. and South Korean officials say it is highly unlikely that Mr. Kim will propose an immediate, unconditional lifting of sanctions.

"He wouldn't do that," Mr. You said. "He will be explaining his policies on North Korea, and he will be asking for understanding and support from the United States. I don't think that's the same thing as asking the U.S. to lift the sanctions."

The United States maintains a near-total embargo on trade with North Korea, citing the Trading with the Enemy Act, Pyongyang's hostile military posture and its suspected involvement in international terrorism. Those sanctions have been bedrock U.S. policy for years. They are endorsed by the Clinton administration and enjoy broad support in the Republican-controlled Congress.

TRAINS: German Expresses Out of Service

Continued from Page 1

a rapid standstill.

"There was some kind of loud noise then a bang," Susanne Kleinbrahm told Reuters television. "I flew through the air and smashed into everything. That's all I know."

Without saying that speed may have been a factor, German Rail also imposed a limit of 100 miles an hour on those high-speed trains left in service. The

express trains routinely travel at 125 mph and are capable of speeds of up to 175 mph.

Officials investigating the crash have declined to draw any conclusions, saying that they will not be able to start their inquiries until the last of the cars crushed by falling concrete have been uncovered.

More than 30 hours after the wreck, however, rescue teams in their bright orange coveralls still were working to reach the last of the train's 13 cars.

Rescue workers said they expected to find only bodies, not survivors.

Huge cranes nudged at the tangled slabs of concrete that fell on the train. Power drills thumped a way to the last flattened section of what had been called Germany's safest train.

"We are hearing no sounds of life from the wreckage," said Rolf Bartsch, a rescue worker in this small village. "Any hope for survivors is fading."

Initial reports from police and railway officials said that two groups of school children might have been among the dead. But, as the rescue effort unfolded Thursday, officials said there had been nothing to substantiate these fears.

Lagos Seizes Dissidents

LAGOS — Nigerian opposition groups said Thursday that the police had arrested the main organizers of planned protests against the military ruler, General Sani Abacha.

They said organizers had been arrested in southwestern Lagos, eastern Enugu and northern Kaduna to prevent marches planned nationwide by black-clad demonstrators bearing coffins to symbolize the killing of democracy campaigners.

"Despite these arrests, protests will still go ahead," said Gani Fawehinmi, a lawyer who is coordinator of the Joint Action Committee of Nigeria, which called for the protest.

But there were no signs of protests in Lagos, Nigeria's biggest city and a stronghold of opposition. Nor was there trouble in Ibadan, another southwestern flashpoint.

BRIEFLY



WINDING WAY — A British war veteran taking a photograph Thursday of his colleagues on parade at the Founder's Day celebration at the Royal Hospital Chelsea in London. The facility for the Chelsea Pensioners was established by King Charles II in 1681.

Greek and Turks Revive Aegean Pact

BRUSSELS — NATO Secretary-General Javier Solana said Thursday that Greece and Turkey had agreed to a series of confidence-building measures on the Aegean Sea.

The measures are based on two memoranda of understanding, which Greece and Turkey reached in 1998 but were never implemented.

At the time, both countries agreed to respect each other's sovereignty and territorial integrity, and their rights to use the high seas and international airspace of the Aegean, Mr. Solana said. The agreement also called for both sides to halt military maneuvers in the sea in July and August.

Mexicans Indignant Over Drug Sting

MEXICO CITY — After a week of complaining that U.S. officials carried out a major money-laundering sting without notifying Mexico, officials here admitted that they had been informed — but insisted they had not approved.

The admission issued late Wednesday by the attorney general's office came amid mounting official indignation in Mexico over "Operation Casablanca," including threats to prosecute U.S. agents involved in the case.

U.S. authorities arrested 160 people — including about two dozen Mexican bankers — and seized \$87 million, 2 tons of cocaine and 4 tons of marijuana in the operation. (AP)

Israeli Doctors Seek Cuts on Tobacco

JERUSALEM — Israeli doctors and former smokers suffering from lung cancer and heart disease asked the Supreme Court on Thursday to declare nicotine and tobacco dangerous drugs.

Such a declaration could force the hand of the Health Ministry to impose new restrictions, such as banning the sale of cigarettes to those under 18 and limiting imports.

The petition was filed by the Israeli Medical Association and 15 people suffering from smoking-related diseases.

Political Squabble Cancels Ball Games

HAVANA — Cuba on Wednesday called off scheduled tours to Nicaragua by its two main national baseball teams due to a political squabble between Managua and Havana over the fate of some 200 Cuban asylum-seekers.

National baseball director Carlos Rodriguez told local state-run media that the recent tensions did not create "a propitious climate" for a series of games. (Reuters)

CLINTON: High Court Turns Down Starr on Agents' Testimony

Continued from Page 1

cision three days ago to drop its claim that top aides could cite the executive privilege doctrine in refusing to answer some questions. Without that large constitutional question to claim the justices' attention, they indicated, the lesser issues raised could properly be decided by the federal appeals court — precisely the outcome the White House had hoped for.

That appeals court will begin hearing arguments from White House lawyers on its claim that the deputy White House counsel, Bruce Lindsey, is protected by attorney-client privilege, and by Justice Department lawyers that Secret Service agents are protected by a "protective function" privilege.

Arguments on the appeal are expected to be heard by the end of July. In contrast, Mr. Starr had asked the high court for a decision this month. Any rulings could then be appealed to the Supreme Court, delaying a final decision until fall or winter.

The executive privilege had earlier been extended to Mr. Lindsey and another top aide, Sidney Blumenthal. With the White House having dropped that claim, Mr. Blumenthal went before the grand jury Thursday even as the Supreme Court was issuing its finding.

The court clearly agreed with Solicitor General Seth Waxman, who represents the government in cases before the high court, when he wrote in a 14-page filing that "we are unable to conclude that this case requires the extraordinary procedure."

He noted that "the single district judge who rejected the claim of privilege" was "the only judge to have passed on the question at any level."

That judge, Norma Holloway Johnson of U.S. District Court, had rejected the

administration's assertion of a "protective function" privilege for Secret Service agents. The administration held that if a president lacks confidence in the agents guarding him, he might keep them at a distance, increasing his exposure to possible attacks.

Mr. Blumenthal's testimony Thursday did not appear likely to go to the core question of whether Mr. Clinton had a sexual relationship with Ms. Lewinsky during and after her internship in the White House, or whether he or an aide later asked her to lie about it. Mr. Clinton has denied the allegations.

Mr. Blumenthal is a White House communications strategist, not a lawyer. The last time he appeared before the grand jury, on Feb. 26, he later said that he had been questioned about his conversations with reporters and whether, as Mr. Starr asserted, he had helped spread an "avalanche of lies" about the Starr team.

Meanwhile, a former Democratic Party official, Nathaniel Landow, appeared briefly before the grand jury Thursday. Prosecutors had wanted to question him about his contact with Kathleen Willey, a former White House volunteer who has said that Mr. Clinton fondled her when

she came to his office in 1993, which the president has denied. Mr. Landow has denied reports that he encouraged Mrs. Willey to lie.

Also expected to testify Thursday was Ms. Lewinsky's first lawyer, Francis Carter.

Ms. Lewinsky's new defense team, the veteran Washington lawyers Plato Caeberis and Jacob Stein, has made initial contacts with prosecutors. While no negotiations have occurred over possible immunity for Ms. Lewinsky, serious talks are imminent, according to sources quoted by The Associated Press.

Ms. Lewinsky's former attorney, William Ginsburg, who had occupied the media spotlight for months, bowed out with a final split across the bow of Washington reporters and lawyers.

Mr. Ginsburg, a medical malpractice lawyer who had faced increasing criticism for not being familiar with criminal law and for seeming at times to undermine his client's credibility, wrote in an op-ed column in The Washington Post: "My reaction is that a person apparently needs a passport to get into Washington, and that the city is one where even the natives eat their young."

BOMB: India and Pakistan Condemned

Continued from Page 1

India and Pakistan do not have the status of nuclear weapons states in accordance with the NPT," it added.

In addition, the officials pledged to prevent the export of equipment, material and technology that could aid the nuclear arms programs of India and Pakistan.

The foreign ministers also agreed to freeze exports to India and Pakistan that could help them develop ballistic missiles

capable of carrying nuclear warheads.

The ministers said the Geneva meeting would set in motion a process "aimed at strengthening peace and stability in South Asia, at encouraging restraint by India and Pakistan and at bolstering the international nonproliferation regime."

Before the meeting, aides to Secretary of State Madeleine Albright said the United States was satisfied that India and Pakistan could not try to play one nuclear power against another to justify further testing.

But the meeting was chaired by China, which India views as an adversary. The Chinese foreign minister, Tang Jiaxuan, made little effort to disguise his country's view that India bore the principal responsibility for starting a new arms race in the region.

"In May of this year, India, in defiance of world opinion, went ahead with its nuclear tests," he said in opening the conference Thursday. "After the peace and stability in this South Asian region was undermined, Pakistan also carried out nuclear tests. The purpose of this meeting is to channel our joint efforts to arrest the nuclear arms race in South Asia and restore the peace and stability in this region."

The five foreign ministers also called on India and Pakistan to avoid threatening moves with conventional military forces. They called for another international meeting on the crisis next week in London with representatives from Germany, Italy, and Japan.

Mrs. Albright met separately with Mr. Tang and Foreign Minister Yevgeni Primakov of Russia before the formal meeting was convened. U.S. officials said Mrs. Albright's key concern was to make sure the traditional Russian tilt toward India and Chinese support for Pakistan did not prevent the five powers from producing a strong statement. Mr. Primakov said the nuclear powers were united. "It is far too important for us to create a situation that would help us to prevent nuclear weapons from spreading," he said. "I think the greatest achievement is already felt — in that we are united." (AFP, AP, Reuters, NYT)

EUROPE: The French and German Economies Pick Up Steam

Continued from Page 1

Strauss-Kahn said.

The German figures, meanwhile, allowed the government to say that the long-sluggish domestic economy had attained cruising speed after a painfully long and stumbling recovery.

Germany and France welcomed signs that domestic confidence has finally taken root after foreign business overwhelmingly fueled growth previously. Mr. Strauss-Kahn and Economics Minister Guenter Rexrodt of Germany said timid consumers had broken out of their slump, enough to offset fallout from Asia's economic crisis.

"Our expectation that external factors would jump over to domestic demand has been clearly affirmed," Mr. Rexrodt said.

Big-ticket spending in machinery, plants and tools surged 5.4 percent in Germany, while consumer spending rose 1.7 percent.

In France, capital spending reversed a fourth-quarter decline to register a 1.1 percent increase.

Neither Germany nor France boasted strong enough growth to alleviate the unemployment crisis, said Alison Cottrell, economist in London at PaineWebber International. In Germany, the number of job-holders dropped by nearly 200,000, or 0.6 percent, from the first quarter a year ago. Germany's figures probably overstate

the pace of recovery, economists said. German growth was inflated as consumers rushed out to make purchases before an April 1 increase in the country's value-added tax.

Compared with the previous quarter, the economy expanded 1.0 percent, the brisk pace since the fourth quarter of 1994.

In calendar-adjusted figures provided separately from the German central bank, which compensate for two additional working days in the first three months of the year, the German economy grew a less dramatic 3.0 percent.

In France, the economy expanded at a quarterly rate of 0.6 percent in the first quarter, its slowest pace in a year. Compared with the first quarter of last year, French GDP expanded by an annual rate of 3.5 percent, compared with a growth rate of 3.0 percent in the fourth quarter. French export growth slowed to 0.7 percent from 1.9 percent in the final three months of last year.

In Britain, the rise to 7.5 percent in the benchmark short-term lending rate from 7.25 percent, represented the sixth increase since the Labour Party took office a year ago, is likely to decelerate further the British economy and widen the rift between the expanding economies on the Continent.

Even before the rise in lending rates, growth in Britain was expected to slow to no more than 2 percent this year from 2.9 percent last year.

Industry leaders lashed out at the interest rate rise. The Confederation of British Industry feared that the rate rise would hamper exports after the strong pound already has dealt a blow to foreign business, according to the CBI's chief economic adviser, Kate Barker.

The British Chambers of Commerce, which represents thousands of smaller companies, echoed those fears. "The manufacturing sector is already in recession. With clear evidence of a slowdown in service sector growth we believe this is a rate rise too far," said Ian Peters, deputy director-general at the British Chambers of Commerce.

British labor leaders joined the criticism. John Monks, general secretary of the Trades Union Congress, the movement's main umbrella body, said the "unnecessary" move threatens jobs. "It increases the risk of a hard landing and will hit investment and jobs," Mr. Monks said.

"This could accelerate the deceleration" in Britain and contribute to a "hard landing" if the economy sputters, said Mr. Rosenstock at IBI.

Although Britain is at an advanced stage in its economic cycle, the Bank of England said it needed to choke any inflation that threatened to creep into the economy from a tight job market and rising wages. Private-sector incomes climbed 5.6 percent in February, more than double the bank's 2.5 percent inflation target.

INTERNATIONAL

Paris Metro Deploys Peacekeepers

Transit Authority Is Putting Dozens of Young 'Mediators' to Work

By Barry James
International Herald Tribune

PARIS — Borrowing an idea from the Guardian Angels on the New York subway, the Paris transit authority is deploying dozens of uniformed young people as "mediators" on the Paris Metro in an attempt to reassure passengers and help combat violence and vandalism.

The first 14 of the Local Social Mediation Agents, or ALMS, as they are called, began patrolling the network this week after a four-week training course — just in time for next week's start of the World Cup soccer tournament. If soccer brings with it hooliganism, as many fear, the agents, men and women around the age of 20, will be in the front line.

STRIKE: French Rail Workers Walk Out

Continued from Page 1

ing for better conditions and more pay. Unions said some 50,000 electricity and gas workers took part in the demonstrations to protest the deregulation of their industries.

Louis Vianet, head of the Communist-led General Labor Confederation, said the demonstrations proved wrong those who thought that the social movement was dead. Mr. Vianet said earlier that unions were not out to disrupt the World Cup.

A strike on the Paris Metro had a limited impact on services Thursday. The Metro system is preparing to provide transportation for an additional 800,000 passengers during the month-long World Cup.

Sources said the Air France pilots agreed to a management proposal to substitute shares in the company for part of their pay, but only for a limited period and only in the framework of an overall agreement. The airline is scheduled to be partly sold to the public later this year.

This marked a concession by the pilots, who earlier described the shares-for-pay plan as a salary cut. The Air France management, supported by the government, continued to insist on an overall reduction in the payroll of the pilots, who earn more than their equivalents at other European airlines. The pilots appeared to have won one victory: management's agreement to abandon its demand to pay lower salaries to newly hired pilots.

According to sources close to the negotiations, the management agreed to a single salary scale provided this did not have any effect on its economic targets. The airline plans to invest 40 billion francs (\$6.7 billion) on new aircraft, and

A spokesman for the transit authority, the RATP, said the agents had a dissuasive and mediating role rather than a repressive one. If trouble breaks out, the unidentified agents can call on the police for help. Their only weapon is the power of persuasion.

The volunteer Guardian Angels, who came to Paris in a short-lived experiment a few years ago, are seen by many as unlawful vigilantes although they claimed to have reduced crime in New York. The Paris agents on the other hand will carry an official warrant jointly issued by the RATP and the Paris police, and will work in close collaboration with the police.

They have been given instruction in public liberty, principles of law and psychological training in dealing with problems ranging from drunkenness to graffiti spraying. The RATP said they were

also expected to lend a helping hand to people who are lost or in difficulty.

Polls show that a perceived lack of security is foremost among the concerns of passengers. Metro employees have gone on strike several times in recent months because of attacks against co-workers, and the RATP spends tens of millions of francs cleaning up trains defaced by vandals.

The agents are being hired under a government plan to create jobs for young people, under which the government will pay up to 80 percent of their wages.

The RATP says it hopes to have 50 agents on duty by the end of June, and 250 within three years. The Metro network already employs specialized security officials and dog-handlers in addition to transit policemen — a total of about 1,000 men and women.

The mission of the young agents, who wear black uniforms, is more specifically targeted at other young people.



Refugees taking shelter Thursday in a school in Albania after fleeing their homes in Kosovo to escape war.

KOSOVO: Albanians, Fearing an Intrusion by the Serbian Army, Warn of 'Open War'

Continued from Page 1

if necessary," Foreign Minister Klaus Kinkel said at a meeting of European Union and Mediterranean foreign ministers in Italy.

Italy said foreign ministers of the Contact Group — the United States, Germany, France, Britain, Italy and Russia — were likely to meet on June 12 in London.

In Tirana, Albania's ruling Socialist Party backed the resistance of ethnic Albanians in Kosovo against Serbian security forces, whom it accused of "ethnic cleansing."

A party statement did not mention by name the Kosovo Liberation Army, an armed separatist group that is fighting the forces commanded by the Yugoslav president. But it appeared to mark a toughening of Albania's stance on Kosovo.

The Serbs denied that the police and Yugoslav Army assault across a broad swath of western Kosovo was a strike at civilians, describing it as a protective sweep against separatist guerrillas. "All our actions are defensive in character," said Veljko Odalovic, the top Serbian official in Kosovo. "We are simply responding to attacks by terrorists."

The ethnic Albanians say dozens of villagers have been killed and tens of thousands of people are fleeing to forests in the province of southern Serbia, waiting for a chance to escape to Albania.

As many as 7,000 others have fled the battered province into Montenegro, the other republic left in what remains of Yugoslavia besides Serbia, officials there said.

The Albanian government, worried about both the crush of refugees and a new threat for its strapped military in Europe's poorest country, is pushing for Western troops to shore up its northern border — a request NATO is considering warily.

"We expect everything from the Serbs, even to hunt down the rebels in our territory or to do something else, much graver," Vladimir Prica, political adviser to Prime Minister Fatos Nano, said in the Albanian capital.

The Serbs' crackdown on the Kosovo Liberation Army, which advocates independence for the predominantly ethnic Albanian province, prompted the Kosovo Albanians to scrap the next scheduled round of talks with Belgrade government officials.

Delegates to Europe's leading security organization, the OSCE, condemned the escalation of violence in Kosovo and called on both sides in the conflict to exercise maximum restraint. Meeting in Vienna, they also urged full access to the affected areas and said Serb security forces were blocking entry to humanitarian organizations. (AP, Reuters)

■ **Albania Fears Invasion**

Chris Hedges of The New York Times reported earlier from Tirana: Reeling under an influx of thousands

of refugees fleeing the Serbian province of Kosovo, Albania has warned that the Serbian Army may be preparing to intrude into Albania itself to hunt rebels. Such an incursion would drag Albania directly into the Serbia-Kosovo conflict.

There is widespread sympathy here for the ethnic Albanian separatists in Kosovo, who are challenging Serbian rule in the province.

As the fighting in Kosovo increases, it threatens to draw in Macedonia, where there is an ethnic Albanian minority that supports the Kosovo separatists.

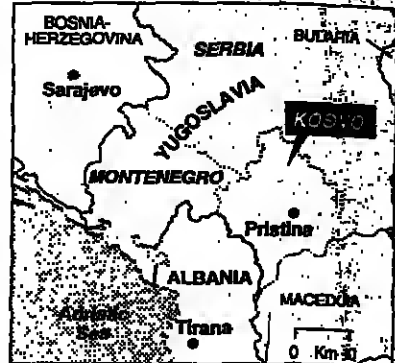
Diplomats here see the risk of a new Balkan war that could be as destructive as the one that went on for years in Bosnia.

"The Serbs have been manufacturing so-called evidence to say that Albanian territory is being used to launch terrorist attacks," Prime Minister Fatos Nano said Wednesday in an interview.

"We have had several reports of incursions into our territory by Serb commando teams that appear to be scouting the area," he said.

"When you look at what the Serbs are attempting to do — to create a security belt along the border — you soon realize it is impossible in such a mountainous area. The next step is to try and enlarge the area under fire, an enlargement that would push the conflict into Albania."

The prime minister, who has sent an urgent appeal to NATO commanders asking for troops to secure the border area, conceded that it was virtually im-



possible to monitor the rugged terrain.

Slobodan Milosevic, the Serb who is president of the remnant of the Yugoslav Federation, has deployed thousands of special police and soldiers along the border with Albania, and they have been pounding villages with heavy artillery, witnesses report.

More than 10,000 ethnic Albanians have fled Kosovo since Sunday as the flow is increasing. The refugees, many of whom walked for two or three days to reach Albanian territory, said that some Kosovo villages had been destroyed.

The sweep by Serbian troops under Mr. Milosevic's control is the latest attempt to crush the Kosovo guerrilla in their fight for independence.

Of the 2 million people in the province, about 90 percent are ethnic Albanians.



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THE AMERICAS

Stalled U.S. Funds Imperil an IMF Rescue of Russia

By Paul Blustein
and Helen Dewar
Washington Post Service

WASHINGTON — As Russia emerges as the latest candidate for a bailout loan from the International Monetary Fund, debate is raging with new intensity over the IMF's role and U.S. support for the institution.

As far as the Clinton administration and its allies are concerned, a potential disaster is looming larger by the day — a scenario that can be dispelled only if Congress approves \$18 billion in U.S. contributions to help replenish the IMF's coffers.

Asian financial markets are being buffeted by renewed turmoil just as Russia nears the brink of a currency collapse. And the IMF, which already has committed \$35 billion in the past year to rescue crisis-stricken Asia, has less than \$15 billion left in ready cash. Much of that would be eaten up by any Russian bailout package.

"The IMF has had enough money in the till to handle the Asian crisis if the crisis did not deepen and did not widen," said Representative Jim Leach, Republican of Iowa, who is chairman of the House Banking Committee and a strong supporter of the IMF. "It now appears that Russia is deepening it and Russia is widening it. These are issues that Congress ignores at the peril of international economic stability."

But so far, such arguments are doing little to advance the IMF's

cause in Congress, because the growing talk of a new, multibillion-dollar bailout for Russia cuts two ways in the debate over how to handle international economic crises. The Fund's critics contend that if anything, IMF rescues look even less worthwhile since Indonesia descended into political chaos and Russian financial markets began to plunge last month. Both countries, they say, already had received billions of dollars in IMF loans at the time their problems intensified.

"The International Monetary Fund bears much responsibility for Russia's current financial straits," the House majority leader, Richard Armey, Republican of Texas, said in a letter to colleagues this week. "The ever present hope of an IMF bailout — reinforced by the enormous international bailouts of Mexico in 1995 and Asia now — has until recently dulled Russia's willingness to embrace the financial reforms necessary to save herself."

As a result, the prospects for approval of the IMF funding measure this year are looking fuzziest yet. The Senate approved it this spring, but it has been bottled up in the House, where conservative Republican lawmakers are insisting that it contain an unrelated abortion amendment that has prompted veto threats from the White House.

Senator Richard Lugar, Republican of Indiana, a supporter of IMF funding, said the upheaval in Russia

had reinforced arguments on both sides. "My guess is that those who blocked it will continue to block it for the same reasons," Mr. Lugar said.

Even the IMF's boosters acknowledge that the Russian crisis presents some thorny dilemmas that highlight the pitfalls of international rescues. Prime among these is what economists call "moral hazard" — the problem that bailouts may encourage imprudent behavior by governments and investors.

"A lot of money has gone into the Russian market from people buying Russian Treasury bills knowing that the economic fundamentals aren't very strong," said Desmond Lachman, head of emerging-markets research at Salomon Smith Barney.

These investors, he said, take comfort from the notion that "when the chips are down," the IMF and the Group of Seven industrial countries "aren't going to let that country fail."

Then there is Mr. Armey's point about how the IMF's rescue of Russia may have eased pressure on Moscow to reform. The government of President Boris Yeltsin so far has failed to take the painful steps that economists agree are necessary to slash the budget deficit, collect taxes, and decrease the government's dependence on short-term borrowing.

But the consequences of rejecting a bailout could be disastrous, in the view of the Treasury, the IMF and other private experts.

A refusal to provide fresh inter-

national loans to Moscow almost certainly would cause the ruble to fall precipitously, because the government is already dangerously low in its reserves of U.S. dollars needed to maintain the ruble's value.

"That would send shock waves, certainly across other emerging markets, and probably globally," Mr. Lachman said. "It would just magnify what's occurring in Asia."

Even more important than the danger of financial "contagion," the view of administration officials is the risk that cutting off Moscow would severely undermine Mr. Yeltsin's generally pro-reform approach and help extremist forces gain influence in a nation armed with thousands of nuclear weapons.

Technology Issues Lift the Market

Compiled by Our Staff Dispatches

NEW YORK — Stocks rose Thursday, lifted by a rebound in computer-related stocks and rising oil shares.

Intel led computer stocks, rebounding from a slide Wednesday on speculation that it would warn of disappointing earnings, while oil shares rose on optimism that oil-producing nations would cut production.

The Dow Jones industrial average closed 66.76 points higher at 8,870.56, while the Standard & Poor's 500 index ended 12.10 points at 1,094.83. The Nasdaq composite index closed up 27.64 points at 1,769.95. Gaining issues outnumbered losing ones by a 4-to-3

ratio on the New York Stock Exchange.

Intel rose 2 1/4 to 68 3/16 after denying it was about to issue a warning on its profit outlook. The stock

U.S. STOCKS

fell Wednesday after Hambrecht & Quist said the company would not meet expectations.

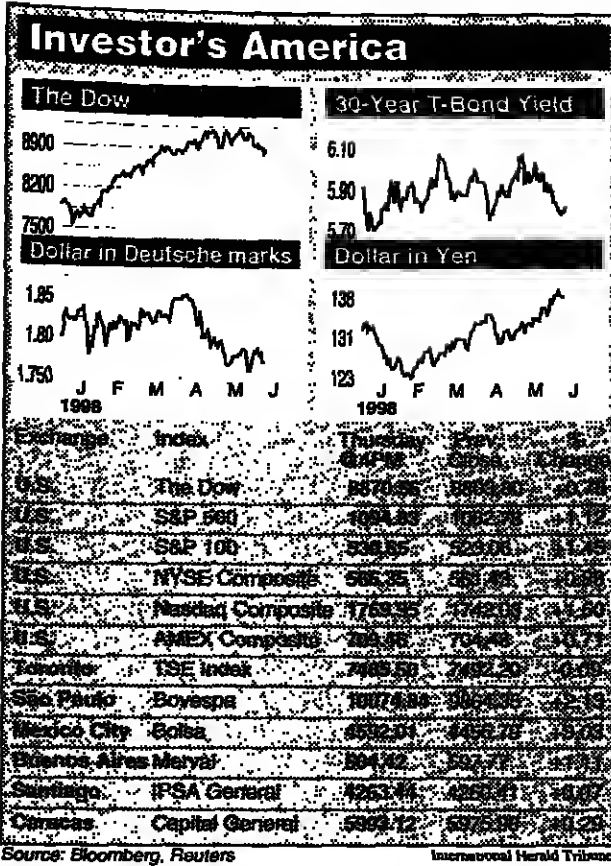
Ascend Communications rose 3 1/16 to 44 on speculation that the maker of phone equipment might be an acquisition target.

Among the oil stocks, Atlantic Richfield rose 1 1/4 to 79 1/4. Tencore rose 1 1/16 to 58.

In the Treasury bond market, prices fell after the government said that orders placed with U.S. factories in April showed the largest increase in five months as domestic demand cushioned the adverse effects of the Asian crisis on exports.

Factory inventories increased 0.5 percent in April after rising 0.2 percent in March.

The economy's resilience may prompt the Federal Reserve Board to raise interest rates. That prospect forced the price of the benchmark 30-year Treasury bond down 18/32 point, to 104 9/32. The yield rose to 5.82 percent from 5.79 percent Wednesday. (Bloomberg AP)



Very briefly:

- Nationwide Mutual Insurance Co. agreed to acquire Iowa-based Allied Group Inc. for \$1.5 billion in cash in a move to expand outside the East Coast.
- Sprint Corp. is expanding its 10-cent-a-minute rate to 24-hours a day for residential long-distance and collect calls.
- Schwinn Cycling & Fitness Inc. is putting its popular Orange Kratie and Apple Kratie bicycles of the late 1960s and early '70s back into limited production, targeting buyers from their 20s to mid-40s. The bikes should reach stores by early July.
- Columbia/HCA Healthcare Corp. continued downsizing, saying it would sell home health care operations in 12 states to Medshares Inc. of Tennessee and Interim Healthcare Inc. of Florida for a total of \$28 million.
- General Motors Corp. is delaying the opening of an assembly plant in eastern Thailand until the first half of 2000 due to the region's economic turmoil. (Bloomberg AP)

Oil Prices Rise as Producers Meet

NEW YORK — Crude oil prices rose strongly Thursday after officials from Saudi Arabia, Venezuela and Mexico agreed to meet in Amsterdam to consider further production cuts to lift prices.

The three countries initiated an earlier round of global production cuts during a meeting in late March. The cuts, which eventually totaled 1.72 million barrels a day, were not enough to eliminate a world oil glut that sent prices to the lowest levels in nearly a decade. Crude still is 24 percent cheaper than a year ago.

In late trading on the New York Mercantile Exchange, crude oil for July delivery rose 47 cents per barrel, to \$15.28.

Mexico, Norway and five other countries that are not members of the Organization of Petroleum Exporting Countries joined 10 OPEC members in the last round of production cuts.

Mark Advances on Dollar

Booming Growth in Germany Sparks Talk of Rate Rise

Bloomberg News

NEW YORK — The dollar fell against the Deutsche mark on Thursday after Germany said its economy in the first quarter grew at the fastest rate since 1990, rekindling talk that the Bundesbank may raise interest rates before long.

"The overall performance of the economy is quite encouraging,"

said James Stung, an economist at Westpac Banking Corp. in London. The report "doesn't warrant a rate rise in the next week," he said, though it gives Germany more justification for raising rates this year, as expected in the run-up to introduction of the single European currency in January.

In 4 P.M. trading, the dollar fell to 1.7680 DM from 1.7693 DM on Wednesday.

The dollar slipped against the yen as investors bet that officials from the Group of Seven industrial nations might make statements to lift the yen, which slumped to a seven-year low against the dollar Monday.

Deputy finance officials from the G-7 will meet in Paris on Tuesday and Wednesday to discuss ways to help Russia stem a financial crisis. The governing Liberal Democratic Party of Japan said the group also would discuss ways to boost the yen.

"People want to push the dollar through 140, but there are too many concerns about intervention," Mr. Stung said.

The dollar also fell to 138.45 yen from 138.60, to 5.9290 French francs from 5.9345 francs and to 1.4545 Swiss francs from 1.4747 francs.

The pound was little changed at \$1.6389.

U. S. STOCK MARKET DIARY

Indexes

Most Active

NYSE

NASDAQ

AMEX

Dow Jones Bond

Trading Activity

NYSE

NASDAQ

AMEX

Market Sales

NYSE

NASDAQ

AMEX

Dividends

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INTERNATIONAL FUTURES

June 4, 1998

High Low Last Chg Opt

Grains

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EUROPE

Commerzbank Boldly Goes to South Korea

By John M. Berry
Washington Post Service

VIENNA — Many investors are fleeing Asia, especially as the financial crisis appears to worsen. But the chairman of Commerzbank AG of Germany says that his decision to buy 30 percent of Korea Exchange Bank will pay off in the long run.

The \$250 million investment by Commerzbank announced last week, is a sign that some financial players think that the South Korean economy eventually will return to solid growth.

"The region as a whole is in trouble. We know that, but it appears to us that Korea is managing its recovery better than the other" countries, Martin Kohlhaussen, chairman of

Commerzbank, said Wednesday. "How fast Korea will reach its old position is hard to determine, but an investment of this nature is not short term."

Mr. Kohlhaussen directed Commerzbank's activities in Asia for 10 years.

Korea Exchange Bank has about 400 branches and \$56 billion in assets.

Mr. Kohlhaussen, one of dozens of chief executives from banks around the world here for a meeting of the International Monetary Conference, said the other bankers had expressed surprise that his institution was willing to put its money on the line in recession-racked South Korea, particularly with the Asian country's financial system in turmoil.

But Mr. Kohlhaussen said Commerzbank had used Western accounting and legal firms and its

own investment banking experts to closely examine the Korea Exchange's books.

But Mr. Kohlhaussen said, "We looked into the books very carefully" and were satisfied with what was found.

One key reason the South Korean economy went into a tailspin last year, along with the economies of Thailand and Indonesia, was that banks there had borrowed large amounts of money abroad that they could not repay because it had been lent to failing companies.

A \$7 billion bailout by the International Monetary Fund along with restructuring of debt owed to foreign banks, was directed largely at keeping South Korean banks from going under. In many cases, the South Korean banks were in far worse shape than they had been willing to disclose.

EU Wins Appeal of a WTO Tariff Ruling

Compiled by Our Staff From Dispatches

BRUSSELS — A World Trade Organization appeals body backed the European Union on Thursday in a complaint filed by the United States over EU tariffs on computer networking equipment, an EU source said.

The source said that a WTO appeals body had overturned a ruling by a dispute settlement panel that supported the United States in its case against the EU. Ireland and Britain over tariff increases on lo-

cal-area network equipment. The appellate body's decision was a blow to companies such as California-based Cisco Systems Inc. and Bay Networks Inc., as well as New Hampshire-based Cabletron Systems Inc., which are seeking to sell their products at lower prices in the lucrative European market.

The tariff dispute dates from 1994, when the EU agreed to cut its tariff rates on all types of computer equipment. Soon after, British and Irish customs authorities began to

reclassify networking equipment into a category for telecommunications and reclassified one type of computer as a television receiver. Tariffs almost doubled on these products as a result of the reclassifications. Since 1995, other EU members have reclassified and raised tariffs.

The ruling by the appeals body prompted questions about the way the WTO handles trade disputes involving complex technical questions.

"Panels are comprised largely of trade officials," said Richard Johnson, a senior partner at Arnold & Porter in Washington. While many of them are "superb generalists, lack of technical expertise may in-

creasingly affect both initial decisions and the appellate body." The appellate body is staffed by full-time WTO legal officers.

The WTO is due to carry out a review of how it resolves disputes this year. President Bill Clinton has called for nongovernmental bodies to be given a role, and the WTO director-general, Renato Ruggiero, has said that making the organization more accountable is a priority.

The three-person body that ruled in the tariff dispute was chaired by Crawford Falconer from New Zealand. The other two members were Ernesto de la Guardia from Argentina and Carlos Antonio da Rocha Paranhos from Brazil.

(Bloomberg, Reuters)

EU and U.S. Take On Cartels

Reuters

BRUSSELS — The European Union and the United States agreed Thursday to increase coordination against illegal cartels and abuse of dominant positions by multinational companies.

In a separate move, the European Commission, which is the EU executive, also proposed an accord with the antitrust authorities of Canada and said it was holding similar talks with Japan and South Africa to better combat anti-competitive practices in an increasingly global economy.

The U.S.-EU agreement is more far-reaching in that it specifically provides for one of the two competition authorities to step back while the better-placed authority investigates suspected infringements

taking place in its territory but affecting the whole world.

The so-called positive comity agreement is not altogether new. Similar provisions in a 1991 EU-U.S. agreement on competition matters served as the basis last year for a U.S. request for the Commission to investigate a complaint by the airline reservation system operator Sabre Group Holdings Inc. against a rival European system, Amadeus.

More recently, Europe also refrained from taking action against Microsoft Corp. over the inclusion in its popular Windows software of its Internet browser, leaving the matter to the U.S. Justice Department.

The new accord will further cement this principle by laying down the conditions and details for handling positive comity requests.

Russian Bank Denies Palladium Sales

Bloomberg News

Moscow — The Russian central bank said Thursday that it had not sold any palladium from its reserves this year, denying reports that sent palladium prices down this week.

The Russian central bank, which has an undisclosed amount of palladium in reserves, is one of the country's two possible sources of metal to export. The other one is RAO Norilsk Nickel, Russia's monopoly producer of palladium, which provides about 60 percent of the world's annual output of the

metal. Both can export palladium only through Almazynvirexport, the government export agency.

"The central bank hasn't put any metal for export this year," a spokesman for the bank said.

A near five-month halt in palladium shipments from Russia sent demand for the metal soaring and prices to record highs. Prices have dropped by about a third since mid-May as traders reported Russian selling.

On Thursday, palladium prices in London rose \$24 an ounce, to \$282, on concern about supplies.

Bonds Sold, Russia Cuts Key Rates

Compiled by Our Staff From Dispatches

MOSCOW — Russia slashed key interest rates Thursday to 60 percent from 150 percent, apparently confident that a successful bond sale Wednesday had raised enough funds to stave off a ruble devaluation.

The central bank lowered its refinancing rate, the rate at which banks lend to each other, and its Lombard rate, the rate at which the central bank lends to other banks for three to 20 days. The reduction reverses an increase last week taken to shore up the ruble after investors fled government debt markets.

Somebody is acting with a degree of confidence that hasn't been seen in a long time," said Paul Rostein, investment adviser at the Moscow brokerage Troika Dialog.

Government debt yields fell below 50 percent Thursday from more than 74 percent Monday, after Russia sold 5.83 billion rubles (\$945.7 million) worth of Treasury debt and a \$1.25 billion Eurobond on Wednesday. That eased concern a cash shortage would threaten Moscow's ability to pay its debt and force a ruble devaluation.

Now, with cash in government coffers, Russian leaders say the country does not need an emergency loan from international lenders to pay debts and steady the ruble.

"The borrowing situation has changed for the better," Prime Minister Sergei Kiriyenko said after a meeting in Paris of Russian and French political and business leaders. "We have no need for extra resources."

Deputy Finance Minister Oleg Vyugin told the Interfax news agency: "The fact that foreign investors immediately bought Russian securities even without the traditional advertising campaign indicates that they are confident in Russia and believe in the ability of the government to cope with recent difficulties in the financial markets."

Despite the optimistic government pronouncements, analysts say some sort of bailout package is still likely, as some Western financial institutions, particularly German banks, have significant stakes in the Russian market.

(Bloomberg, AP)

Investor's Europe

Frankfurt DAX	London FTSE 100 index	Paris CAC 40
5750	6250	4000
5400	6000	3700
5050	5750	3400
4700	5500	3100
4350	5250	2800
4000	5000	2500
3650	4750	2200
3300	4500	1900
2950	4250	1600
2600	4000	1300
2250	3750	1000
1900	3500	700
1550	3250	400
1200	3000	100
850	2750	0
500	2500	0
150	2250	0
0	2000	0

Source: Reuters

Very briefly:

- The European Central Bank appointed Oskar Issing of Germany as the new institution's chief economist.
- OAO Lukoil Holding said higher taxes and lower oil prices had offset gains from increased production and exports, resulting in a 1997 profit of 1.8 billion rubles (\$292 million) for the top Russian oil producer. New accounting standards made comparison with 1996 figures impossible, it said. Lukoil reported a profit of \$756 million for 1996.
- Pilkington PLC announced higher-than-expected pretax profit and said it would step up layoffs from the 6,000 originally planned. The British glassmaker plans to shed another 1,500 jobs, mainly in Australia. Profit fell 5.3 percent, to £125 million (\$204.7 million), in the year ended in March. Sales fell 6.9 percent, to £2.7 billion.
- ABN-AMRO Holding NV's chief executive, Jan Kalff, said the largest Dutch bank had bought on the open market "about 2 percent" of Generale de Banque SA, Belgium's biggest bank, amid a bidding war with Fortis AG.
- Boots Co.'s pretax profit rose 3.2 percent, to £553.2 million, in the year ended March 31. Group sales rose 12 percent, to £4.98 billion.
- Moulins SA reported that profit soared, to 203 million francs (\$34.1 million), in the year ended in March. It reported a profit of 29 million francs a year earlier.
- Axel Springer Verlag AG said it was still undecided whether to make an offer to buy Mirror Group of Britain.
- Daily Mail & General Trust PLC reported a 55 percent rise in first-half pretax profit, to £72.7 million.
- Deutsche Telekom AG's chief executive, Ron Sommer, said he wanted to halve losses, which last year amounted to 4 billion Deutsche marks (\$2.26 billion), in Telekom's payphone business, consumer products, information services, broadband networks and foreign holdings.

WORLD STOCK MARKETS

Thursday, June 4
Daily prices in local currencies.

TELETYPE

High Low Close Prev.

Amsterdam

ABN-AMRO 48.40 47.80 48.40 48.40

Alcatel 43.10 42.50 43.10 43.10

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The 2,600 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
 The Associated Press.

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ASIA/PACIFIC

Kazakh Reassurances

Investors 'Protected by Law,' President Says

By Peter S. Green
International Herald Tribune

ALMATY — The president of Kazakhstan, Nursultan Nazarbayev, promised foreign investors Thursday that they were "protected by law."

He denied that Kazakh authorities intended to renegotiate a number of major investment agreements.

Mr. Nazarbayev's comments came amid rising opposition in Kazakhstan to the sale of strategic businesses and resources to foreigners.

In a speech at an investment conference here, Mr. Nazarbayev said that, despite reports and rumors to the contrary, there was no plan for a wide-spread review of privatization contracts or leases for oil, gas and other minerals that have drawn investors to his country.

Mr. Nazarbayev acknowledged concern about possible mistakes in the country's rapid privatization program. "We all make mistakes, including this government," he said.

But he said there were no plans for a wholesale review of the program. "No sanctions will be levied if you have not violated the terms and provisions of your contracts," Mr. Nazarbayev told investors at a conference organized by the International Herald Tribune. "Foreign investors, don't be

afraid. You are protected by the law."

"These disputes are only in the areas where the investors are not fulfilling their obligations and commitments under the existing contracts," he added. "We are talking about only one or two companies or investors."

From 1994 to 1997, Kazakhstan conducted one of the fastest sell-offs of state property in history. Half to three-quarters of the country's output is now in private hands, and vast oil, gas and mineral wealth that had lain undisturbed while the country was part of the Soviet Union is being tapped, mainly by foreign enterprises.

But falling world commodity prices and the difficulty of getting oil to market from this mountainous, landlocked country have cut government income, and there is growing political opposition, particularly from Prime Minister Nurlan Balgimbayev, to selling strategic enterprises to foreigners.

In one instance, Mr. Balgimbayev and the Belgian-owned power company Tractebel CIS, which runs the Almaty city power supply, held rival news conferences to accuse each other of violating the company's privatization agreement.

That dispute was settled only when President Nazarbayev stepped in on Tractebel's side.



Mr. Nazarbayev, who ruled out wholesale review of privatizations.

"Balgimbayev doesn't favor giving full control to foreigners," said an investor in Kazakhstan. "He says to investors, 'Just give us a blank check and we'll run the company.'"

That, in the opinion of businessmen and financial advisers in Almaty, is why the president has moved to reassure investors.

Mr. Nazarbayev said a new council to advise on future privatization strategy would be set up, reporting directly to the president.

Mr. Jandosov, the foreign investment official, said: "There will be no wholesale review. We will seek to revise deals only if they are breaking the agreement or breaking the law. We will sit down at the table with them and discuss it."

Korean Air Ready To Buy 27 Boeings

By Laurence Zuckerman
New York Times Service

NEW YORK — Korean Air, bucking a trend that has seen many Asian airlines delay orders for new planes as a result of the economic crisis in the region, plans to announce next week that it is buying 27 new Boeing 737 passenger jets valued at a total of \$1.35 billion.

The new order is expected to be made public Tuesday during a state visit to Washington by President Kim Dae Jung.

It is good news for Boeing Co., which said only last week that weakening demand from Asia would force it to cut production next year of its 747 jumbo jet.

Since the Asian economy went into a tailspin last summer, airline passenger traffic in the region has plunged as well.

In the last week alone, Malaysian Airline System Bhd. said it would delay the delivery of several Boeing 747s and 777s. Eva Airways Ltd. of Taiwan dropped plans to buy at least six long-range

Airbus Industrie A340 jets worth \$900 million.

There is concern in Boeing that an order it was expecting to get from China during President Bill Clinton's visit there this month might be smaller than hoped.

"We are extremely pleased that Korean Air is exercising leadership in Asia by stepping forward, even during difficult times, with this order," said Carrie Cahle, speaking for Boeing.

But selling the single-aisle, twin-engine 737 is not nearly as lucrative as selling wide-body models like the 747 and 777. And Boeing is apparently betting that by the time Korean Air begins taking delivery of the airplanes in 2000, the Asia crisis will be over.

Yang Ho Cho, chief executive of Korean Air, said in an interview that the airline, which is a subsidiary of Hanjin Group and is already heavily in debt, has had trouble borrowing money overseas since the South Korean economy collapsed last year.

He said Boeing was willing to accept a smaller down payment for the new planes, giving the airline time to arrange financing later.

"We believe by the year 2000, when our economic situation improves, financial institutions will offer to finance it," he said.

Until then, Mr. Cho added, Korean Air, too, may have to consider delaying its purchase of new wide-body jets.

The airline plans to take delivery of a total of 10 747s, 777s and Airbus A330s this year and a combination of 11 more in 1999.

"We are looking at that right now," he said. "It depends on the economic situation. We have the option to delay."

Some analysts suggested that the Boeing order was a way for South Korea to thank the United States for supporting the bailout of the country received from the International Monetary Fund.

Mr. Cho said that the timing of the order and Mr. Kim's visit to the United States were "just a coincidence."

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
11750	1750	17500
10250	1450	16400
9500	1300	15500
8750	1150	15200
8000	1000	14600
1998	1998	1998
Exchange Index	Thursday Close	Prev. Close
Hong Kong Hang Seng	8,558.43	8,519.22
Singapore Straits Times	1,877.74	1,819.80
Sydney All Ordinaries	2,888.48	2,882.00
Tokyo Nikkei 225	15,426.47	15,347.80
Kuala Lumpur Composite	518.61	528.36
Bangkok SET	315.81	313.21
Seoul Composite Index	382.45	382.45
Taipei Stock Market Index	7,425.96	7,543.20
Manila PSE	1,453.88	1,428.99
Jakarta Composite Index	4,063.31	3,922.68
Wellington NZSE-40	2,192.04	2,155.18
Bombay Sensitive Index	8,546.21	8,587.88

Very briefly:

- Japanese companies increased the share of foreign microchips they bought in 1997 by a record 5.8 percentage points, to 33.3 percent, despite the end of an imports-target agreement.
- Shenyin & Wanguo Securities Co., Haitong Securities Co. and Guangfa Securities Co., three Chinese brokerages, have resumed proprietary trading after a one-year ban imposed for market manipulation, just in time for some of this year's biggest share flotations by state companies.
- Australia's central bank intervened for at least the third time this year to support the country's slumping currency after the U.S. dollar rose above 1.644 Australian dollars, its highest level in almost 12 years.
- NEC Corp., Toshiba Corp., Hitachi Ltd. and Fujitsu Ltd., the top Japanese makers of memory chips, said they did not plan to follow the lead of Hyundai Electronics Industries Co. of South Korea in cutting production.

Debts Overwhelm Mitsui Wharf

Courtesy of Our Staff From Dispatchers

TOKYO — Mitsui Wharf Co., a Japanese harbor-freight company, was granted court protection from creditors Thursday.

Mitsui Wharf filed for corporate restructuring with the Yokohama District Court with total liabilities of 20.37 billion yen (\$146.9 million), said Seisaku Yamoto, a lawyer for the company.

The Tokyo Stock Exchange said it would unlist shares of Mitsui Wharf from its second section as of Sept. 5.

Mitsui Wharf had been involved in a dispute over bills worth approximately 3 billion yen that it alleged had been forged by a former executive and others. The company's business, meanwhile, stagnated. It posted a 6.38 billion yen parent-company loss for the year ended March 31.

Mitsui Wharf said it decided to seek court protection because "the company's finances deteriorated due to credit concerns aroused by the forgery case."

As Sales Slip, Nissan to Cut Output at U.S. Plant

Courtesy of Our Staff From Dispatchers

TOKYO — Nissan Motor Co. said Thursday that it would lower production at its Smyrna, Tennessee, plant by 25 percent to cut bloated inventories caused by sluggish sales.

Japan's second-largest carmaker said it would reduce output at the plant to 300,000 cars per year from 400,000 by

shutting production lines each Friday until early October. No layoffs are planned, and most workers are to be given those days off with pay.

Nissan, which recently reported its fifth net loss in six years because of write-downs in the value of its inventory of leased cars, has been struggling with poor sales at a time

when other carmakers have been posting record results. In May, Nissan vehicle sales tumbled 11 percent, while the industry as a whole recorded its best selling rate in 12 years.

The company announced a three-year restructuring plan last month aimed at cutting costs, reducing debt and producing a new line of

popular models.

Nissan has accrued 2.5 trillion yen (\$18 billion) in debt from building factories in the United States, Europe and Japan in the past decade.

Reducing debt "will get their costs down," said Peter Boardman, an analyst at SBC Warburg (Japan) Ltd. "They're probably O.K. now, but they

still have work to do."

In April, unsold vehicles grew to the equivalent of 117 days' worth of sales, analysts estimate, above the industry norm of 70 days. Toyota Motor Corp. has a 46-day supply and Honda Motor Co. a 39-day supply, analysts estimate.

The company also will try to cut costs by \$1,000 per vehicle at the Tennessee plant, where it assembles the Altima sedan and the Frontier pickup, and cut back its high-volume, low-profit leasing business and fleet sales in North America.

In Japan, Nissan will pay down debt by selling its headquarters building in Tokyo, and other assets; halving dealer networks to two, and cutting by a third its number of car models.

(Bridge News, Bloomberg)

Malaysia Sets Up Agency to Help Banks

By Michael Richardson
International Herald Tribune

KUALA LUMPUR — In its latest move to ease problems in Malaysia's debt-laden banking system, the government announced guidelines Thursday for a new agency that will require as much as 25 billion ringgit (\$6.37 billion) to buy bad loans and the assets supporting them from troubled banks and finance companies.

With the move, Malaysia joins other countries hit hard by East Asia's economic crisis, including Thailand and South Korea, that are selling debt to raise money to prop up their financial systems as recession looms and international investors retreat from Asian markets.

Giving the first details of the government-backed Asset Management Co., which was formed last month but has yet to take over any nonperforming loans, Anwar Ibrahim, the deputy prime minister and finance minister, said that it would fund its operations mainly by issuing domestic and foreign bonds.

Seeking to forestall criticism that the agency might be used to bail out companies that have close ties to the government, he said that it would operate in a transparent manner in valuing and buying assets from banks and then selling them to repay bondholders.

The agency will operate within guidelines that meet international best practices as regards all aspects of its

existence," Mr. Anwar said. "It will be run professionally, outside the direct purview of the government, except for policy issues and direction."

He added that the investment bank J.P. Morgan & Co. and the accounting firm Arthur Andersen & Co. had been appointed financial advisers to the agency, which would "operate in a rigorous regime of transparent reporting, and be subject to external audit."

Lai Tak Heong, research director of SG Asian Securities Research in Kuala Lumpur, a unit of the Societe Generale SA of France, said that if the agency

Some analysts worry that the agency will bail out friends of the government.

operated strictly in line with principles outlined by Mr. Anwar, it should help hasten the recovery of both banks and the economy. But he cautioned that there were "still a lot of skeptics out there who feel the AMC will be used to bail out friends of the government. So it is important that the actual implementation is seen to be done on a very fair basis, at arms length, and that it does not favor one party over another."

Malaysian stocks fell Thursday for the first time in three days, as bank shares dropped on concern that the

agency would not solve the country's banking problems soon. The benchmark composite index fell 20.24 points, or 3.76 percent, to 518.

Analysts said that several large Malaysian conglomerates and their politically well-connected owners are on the brink of insolvency because their business empires, which helped to fund the governing coalition, were built largely through bank borrowings with shares as collateral. The sharp declines in the Malaysian stock market since the Asian financial turmoil began in July, combined with deteriorating business conditions as inflation and interest rates rise, have decimated the value of those shares.

The economy shrank by 1.8 percent in the first quarter — its first contraction in more than a decade of steady expansion. Nonperforming loans, as a share of total financial-sector loans, were at 10.6 percent at the end of April, up from 6.7 percent in December, according to official figures.

Fitch IBCA Ltd., an international bank rating agency, said last month that nonperforming loans were rising rapidly in Malaysia and could reach 15 percent of total loans by the end of the year, peaking at about 20 percent in 1999.

By relieving the banks of some problem loans, the government hopes that they will resume lending on a more normal basis so companies and the economy can grow again.

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The Associated Press.

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
IBM	3.00	4.5	15.0	100	125.00	124.00	124.00	-0.50
Microsoft	0.00	0.0	25.0	100	55.00	54.00	54.00	-0.50
Apple	0.00	0.0	20.0	100	45.00	44.00	44.00	-0.50
Oracle	0.00	0.0	20.0	100	35.00	34.00	34.00	-0.50
Sun	0.00	0.0	20.0	100	25.00	24.00	24.00	-0.50
HP	0.00	0.0	20.0	100	20.00	19.00	19.00	-0.50
Intel	0.00	0.0	20.0	100	15.00	14.00	14.00	-0.50
Motorola	0.00	0.0	20.0	100	10.00	9.00	9.00	-0.50
Qualcomm	0.00	0.0	20.0	100	8.00	7.00	7.00	-0.50
Lucent	0.00	0.0	20.0	100	6.00	5.00	5.00	-0.50

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Amazon	0.00	0.0	20.0	100	1.00	0.90	0.90	-0.05
Alibaba	0.00	0.0	20.0	100	0.80	0.70	0.70	-0.05
Google	0.00	0.0	20.0	100	0.60	0.50	0.50	-0.05
Facebook	0.00	0.0	20.0	100	0.50	0.40	0.40	-0.05
Twitter	0.00	0.0	20.0	100	0.40	0.30	0.30	-0.05
LinkedIn	0.00	0.0	20.0	100	0.30	0.20	0.20	-0.05
Slack	0.00	0.0	20.0	100	0.20	0.10	0.10	-0.05
Zoom	0.00	0.0	20.0	100	0.10	0.05	0.05	-0.05
Dropbox	0.00	0.0	20.0	100	0.05	0.02	0.02	-0.05
GitHub	0.00	0.0	20.0	100	0.02	0.01	0.01	-0.05

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Netflix	0.00	0.0	20.0	100	0.01	0.00	0.00	-0.05
Spotify	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Twitter	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
LinkedIn	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Slack	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Zoom	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Dropbox	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
GitHub	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Netflix	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Spotify	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Twitter	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
LinkedIn	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Slack	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Zoom	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Dropbox	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
GitHub	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Netflix	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Spotify	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Twitter	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
LinkedIn	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Slack	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Zoom	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Dropbox	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
GitHub	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Netflix	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Spotify	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05

NYSE

Thursday's 4 P.M. Close
(Continued)

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
IBM	3.00	4.5	15.0	100	125.00	124.00	124.00	-0.50
Microsoft	0.00	0.0	25.0	100	55.00	54.00	54.00	-0.50
Apple	0.00	0.0	20.0	100	45.00	44.00	44.00	-0.50
Oracle	0.00	0.0	20.0	100	35.00	34.00	34.00	-0.50
Sun	0.00	0.0	20.0	100	25.00	24.00	24.00	-0.50
HP	0.00	0.0	20.0	100	20.00	19.00	19.00	-0.50
Intel	0.00	0.0	20.0	100	15.00	14.00	14.00	-0.50
Motorola	0.00	0.0	20.0	100	10.00	9.00	9.00	-0.50
Qualcomm	0.00	0.0	20.0	100	8.00	7.00	7.00	-0.50
Lucent	0.00	0.0	20.0	100	6.00	5.00	5.00	-0.50

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Amazon	0.00	0.0	20.0	100	1.00	0.90	0.90	-0.05
Alibaba	0.00	0.0	20.0	100	0.80	0.70	0.70	-0.05
Google	0.00	0.0	20.0	100	0.60	0.50	0.50	-0.05
Facebook	0.00	0.0	20.0	100	0.50	0.40	0.40	-0.05
Twitter	0.00	0.0	20.0	100	0.40	0.30	0.30	-0.05
LinkedIn	0.00	0.0	20.0	100	0.30	0.20	0.20	-0.05
Slack	0.00	0.0	20.0	100	0.20	0.10	0.10	-0.05
Zoom	0.00	0.0	20.0	100	0.10	0.05	0.05	-0.05
Dropbox	0.00	0.0	20.0	100	0.05	0.02	0.02	-0.05
GitHub	0.00	0.0	20.0	100	0.02	0.01	0.01	-0.05

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Netflix	0.00	0.0	20.0	100	0.01	0.00	0.00	-0.05
Spotify	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Twitter	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
LinkedIn	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Slack	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Zoom	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Dropbox	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
GitHub	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Netflix	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Spotify	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Twitter	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
LinkedIn	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Slack	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Zoom	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Dropbox	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
GitHub	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Netflix	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Spotify	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05

Stock	Div	Yld	PE	100%	High	Low	Last	Chg
Twitter	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
LinkedIn	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Slack	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Zoom	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Dropbox	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
GitHub	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Netflix	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Spotify	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
SoundCloud	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05
Bandcamp	0.00	0.0	20.0	100	0.00	0.00	0.00	-0.05

WORLD ROUNDUP

Pantani Dominates

CYCLING Marco Pantani of Italy powered his way up grueling mountain passes Thursday to clinch the 19th stage of the Tour of Italy and increase his lead over Pavel Tonkov of Russia.

The 239-kilometer (148-mile) ride, under scorching sun, took its toll on the race favorite, Alex Zülle of Switzerland, who lost dozens of positions after dominating the initial stages. Zülle now sits 32 minutes behind Pantani, the overall leader.

Pantani, who captured the leader's pink jersey for the first time in his career Tuesday, now holds a one-minute, 28-second lead over Tonkov with three days to go. He completed the stage Thursday, the longest of the Tour, in 7 hours, 42 minutes and 52 seconds.

Tonkov, the 1996 Giro winner, is stronger than Pantani in time trials and could catch the Italian in the final time trial Sunday.

The 22-stage Giro ends Sunday in Milan. (AP)

A Guilty Plea for Bowe

BOXING The former heavyweight boxing champion Riddick Bowe pleaded guilty Thursday to a federal charge stemming from the abduction of his wife and children from their home.

He could face 10 years in prison and a \$250,000 fine.

A grand jury indictment handed up Tuesday said Bowe used "force, coercion, duress and fraud" in taking Judy Bowe across a state line, from North Carolina to Virginia, on Feb. 25.

Authorities said Bowe had driven to his wife's home in Cornelius, North Carolina, a suburb of Charlotte, and ordered her and their five children into his car, after which he began driving toward his Maryland home.

Bowe drove about 200 miles (320 kilometers) before stopping at a restaurant in South Hill, Virginia, where Judy Bowe was able to get to a phone and call her sister in Cornelius for help, the police said. (AP)

Tapie Spared More Jail

A French appeals court on Thursday spared the bankrupt former tycoon Bernard Tapie from spending more time in jail on fraud charges linked to his chairmanship of the Marseille soccer club.

The court in the southern city of Aix-en-Provence fined the one-time cabinet minister and influential businessman 300,000 francs (\$50,450) and gave him a three-year suspended sentence after upholding his conviction on charges of embezzling funds from the Marseille club.

Tapie was found guilty of embezzling 100 million francs between 1987 and 1993. (Reuters)

A Stunning, Straight-Set Victory
Seles Routs No. 1 Hingis to Gain Final Against Sanchez Vicario

By Christopher Clarey
International Herald Tribune

PARIS — "Is tennis good therapy right now?" someone asked Monica Seles's new coach, Gavin Hopper, during this French Open.

"I think more than anything, that's the reason she came," he said.

It was no easy decision for Seles to play in Paris after her father's death from cancer on May 14, but her house in Florida was too full of painful reminders, and so she boarded an airplane and flew back to the city where she won her first Grand Slam title at the more carefree age of 16.

On Saturday, she will get the chance to win the title again. Seles earned that opportunity with a stunningly straightforward 6-3, 6-2 victory over the world's No. 1 women's player, Martina Hingis, in Thursday's semifinals.

It was an afternoon for the nostalgic at Roland Garros, and Seles's opponent in the final will not be one of the mul-

tiplite teen queens with big games and big plans who have been monopolizing most of the attention this season. It will be Arantxa Sanchez Vicario of Spain, who at age 26 has been winning matches at the French Open even longer than the 24-year-old Seles.

Sanchez Vicario won an ugly one Thursday, defeating Lindsay Davenport 6-3, 7-6 (7-5) in her semifinal as the towering American essentially shot her

THE FRENCH OPEN

self in the soaker by making 56 unforced errors in a match that featured 15 service breaks.

"I guess I beat myself, but she kind of forced it on me," Davenport said.

In five previous matches against Seles, Hingis had never lost to the neo-American, but all of those matches had come since Seles returned to the tour after her nuptials 25-month absence, the result of being stabbed in the back by a spectator during a match in Hamburg in April 1993.

"I guess she surprised everybody," Hingis said. "I mean she's been around for quite a while and then all of a sudden she was gone, and here she is back, in better shape, probably better than ever."

That might be stretching it. Seles still lacks the relentless focus and unshakable self-belief that were the hallmarks of her play when she was dominating the sport in the early 1990s. At her best, she would not have made five unforced forehand errors in one service game, as she did to open the second set Thursday.

And though she always has relied more on anticipation than speed, she also does not cover court as well as she once did. But there were many moments on Thursday when Seles's two-toned grunts and aggressive, inside-the-baseline groundstroke play brought back a flood of familiar memories from finals and semifinals gone by oo the

court where she has won three of her nine Grand Slam titles.

"Coming into the tournament I really wasn't that confident in my game, but in a weird way I had a peace of mind," said Seles, who after playing at the Italian Open did not practice for 10 days because of her father's death. "In Rome, I felt like I played a lot better tennis, but my mind just wasn't on the court. I think after deciding that I was going to play, I really felt content with the decision."

That has helped, because the last years I was ever really content with any decision I made. So I knew I was in the right place, and we worked really hard, Gavin and I, the last ten days that I've been here.

Noetheless, even Hopper was surprised by her ability to dictate play consistently against Hingis, the 17-year-old Swiss who has won the last three Grand Slam singles titles and had appeared extremely eager to win the only major trophy missing from her collection. "When she puts her mind to something, she has proved to me she can lift to enormous levels," Hopper said of Seles.

To be fair to Hingis, this was hardly her best day. She made many uncharacteristically casual errors from the baseline, returned poorly and served inconsistently. But unlike other top players, the sixth-seeded Seles made the Swiss suffer for her relatively weak second serve, winning 63 percent of the points when Hingis was forced to hit it.

"I knew I had to come out and be really aggressive today. I knew I had that in me," said Seles, who lost to Hingis in three sets in last year's French Open semifinals.

But this match would last only two sets, and there were moments in the closing stages when Hingis seemed petulant and practically resigned to her fate.

"There is Wimbledon in two or three weeks coming up, and I hope I'll be better there, but yeah, it's hard," said



Monica Seles, right, and Martina Hingis exchanging a sportsmanlike greeting at the net after Seles's victory at Roland Garros on Thursday.

Hingis, who admits that she needs to improve her fitness slightly. "It's a Grand Slam. Only one champion can win it."

Seles will now be the favorite to win it. She has beaten Sanchez Vicario 14

times in 16 matches and holds a 4-1 advantage since she rejoined the tour. If she can limit her unforced errors and continue to finish off some points at the net, she has the weapons to dominate the energetic Spaniard.

On Eve of Belmont, Memories of the Great-Hearted Secretariat

By Bill Christine
Los Angeles Times Service

NOT LONG after the incomparable Secretariat, the victim of a circulatory hoof disease, died on Oct. 4, 1989, a group of research pathologists examined his body on an autopsy table at the University of Kentucky.

Almost everybody knew what Secretariat looked like on the outside, but the researchers were curious about what was inside, what made the champion of champions tick.

They found a heart that weighed 22 pounds (10 kilograms). The average horse's heart weighs 8.5 pounds.

"This was a heart completely out of anybody's league," Thomas Swerczek, a pathologist who was present at the operation, said at the time. "It explained how he was able to do what he did in the Belmont. We just stood there. We couldn't believe it. The heart was perfect. There were no

problems with it. It was just this huge engine."

As Real Quiet, winner of this year's Kentucky Derby and Preakness, prepares for the Belmont Stakes on Saturday and the chance to become only the 12th horse to win the Triple Crown, racing fans recall that Secretariat, powered by that inexhaustible engine, sprinted to that illustrious achievement 25 years ago.

Each jewel in Secretariat's 1973 crown was punctuated by a brilliant versatility that has been unequalled in the history of the series. Roo Turcotte, the jockey who rode Secretariat in all but three of his 21 professional races, eventually learned that the chestnut colt marched to his own drumbeat, and on any given day that rhythm might be different from the one that went before. In the end, though, Secretariat was all for himself.

In the Kentucky Derby, Secretariat started the race in the middle of the pack, then methodically passed horses until there were one ahead of him in the stretch lane. For the final eighth of a mile,

Secretariat was running only against the clock, and by the wire the clock had been shattered. His time for the 1 1/4 miles was 1:59 2/5. The Derby record had been two minutes flat, set by Northern Dancer nine years before. The fastest Derby since Secretariat has been Spend A Buck's 2:00 1/5 in 1985.

Secretariat's Derby was a tour de force in the way a celebrated diva completes a difficult aria, one measured note at a time. Two weeks later, Secretariat woo the Preakness with a clash of cymbals, blowing everybody's doors off. One second on the clubhouse turn he was in fourth place, more than five lengths from the lead, and in an instant he was flying by other horses, a zephyr against opponents that seemed tied to posts.

"He was just dying to run," Turcotte said later. "So I said to myself, 'I ain't going to choke this horse.'"

Secretariat literally broke the clock. Pimlico's automatic Teletimer caught him in 1:55 for 1 1/16

miles, but several independent clockers, including two from the Daily Racing Form, said that he had run faster. The Racing Form's clocking of 1:53 2/5 would be a Preakness record.

The 1973 Belmont still raises the hair on the back of the neck. First by seven lengths with a half-mile to go, Secretariat woo by a mind-boggling 31 lengths, his time of 2:24 shattering the record of 2:26 3/5, set by Gallant Fox 16 years before.

"Secretariat was a running machine," the veteran trainer Harvey Vanier said. "All you had to do was head him the right way and he'd take care of the rest."

Racing's first Triple Crown champion since Citation in 1948 was such a national idol that Time and Newsweek pictured him on the covers of their magazines.

"Being the first Triple Crown winner in a long time was a big part of Secretariat's fame," said Penny Chenery, who raced the colt for her family's Meadow Stable.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE				NATIONAL LEAGUE			
Team	W	L	Pct.	Team	W	L	Pct.
New York	42	13	.765	Atlanta	42	18	.700
Boston	38	17	.689	New York	31	22	.586
Toronto	29	26	.524	Philadelphia	26	34	.434
Baltimore	28	30	.483	Montreal	22	39	.359
Tampa Bay	25	33	.432	Florida	17	41	.293

WEDNESDAY LINESCORES

Team	Score	Team	Score
Detroit	100-100-1	St. Louis	100-100-1
Los Angeles	100-100-1	San Francisco	100-100-1
San Diego	100-100-1	Seattle	100-100-1
San Francisco	100-100-1	Seattle	100-100-1

AMERICAN LEAGUE

Team	Score	Team	Score
Detroit	100-100-1	St. Louis	100-100-1
Los Angeles	100-100-1	San Francisco	100-100-1
San Diego	100-100-1	Seattle	100-100-1
San Francisco	100-100-1	Seattle	100-100-1

NATIONAL LEAGUE

Team	Score	Team	Score
Atlanta	100-100-1	New York	100-100-1
New York	100-100-1	Philadelphia	100-100-1
Philadelphia	100-100-1	Montreal	100-100-1
Montreal	100-100-1	Florida	100-100-1

BASEBALL

Team	Score	Team	Score
Detroit	100-100-1	St. Louis	100-100-1
Los Angeles	100-100-1	San Francisco	100-100-1
San Diego	100-100-1	Seattle	100-100-1
San Francisco	100-100-1	Seattle	100-100-1

BASEBALL

Team	Score	Team	Score
Detroit	100-100-1	St. Louis	100-100-1
Los Angeles	100-100-1	San Francisco	100-100-1
San Diego	100-100-1	Seattle	100-100-1
San Francisco	100-100-1	Seattle	100-100-1

BASEBALL

Team	Score	Team	Score
Detroit	100-100-1	St. Louis	100-100-1
Los Angeles	100-100-1	San Francisco	100-100-1
San Diego	100-100-1	Seattle	100-100-1
San Francisco	100-100-1	Seattle	100-100-1

BASEBALL

Team	Score	Team	Score
Detroit	100-100-1	St. Louis	100-100-1
Los Angeles	100-100-1	San Francisco	100-100-1
San Diego	100-100-1	Seattle	100-100-1
San Francisco	100-100-1	Seattle	100-100-1

BASEBALL

Team	Score	Team	Score
Detroit	100-100-1	St. Louis	100-100-1
Los Angeles	100-100-1	San Francisco	100-100-1
San Diego	100-100-1	Seattle	100-100-1
San Francisco	100-100-1	Seattle	100-100-1

WORLD CUP

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SPORTS

Stockton Leads Jazz Past Bulls in Overtime

Running Jumper Decides First Game, 88-85

By Mike Wise
New York Times Service

SALT LAKE CITY — The teammate he had relied on the most over the years was in the middle of an awful dream in which the rim shrinks and every shot bounces out. John Stockton knew Karl Malone was in trouble, so he whittled his offensive options down to one: himself.

Driving into a lane filled with mounds of muscle and taller players, the Utah Jazz's ageless, 6-foot-1-inch (1.85 meters) playmaker lofted a running jumper over the outstretched arms of

NBA FINALS

Chicago's Steve Kerr with 9.3 seconds remaining in overtime on Wednesday night.

When the shot swished through, the Delta Center erupted and Michael Jordan's resilient team finally bowed their heads. Stockton, the little point guard who could, came through in Game 1 of the National Basketball Association finals, leading the Jazz to a 88-85 overtime victory over the Chicago Bulls.

"He is very difficult to defend," Kerr said. "He's the best point guard I've ever played against. He is amazing, and he was obviously the difference tonight."

If the Bulls were suddenly looking at a 1-0 deficit in the best-of-seven series, the Jazz were savoring a rare moment. They had weathered two thrilling comebacks by the Bulls — who trailed by 7 points with less than five minutes left in regulation and by 5 points in the extra period.

That meant the Jazz had survived Jordan, who finished with 33 points on 13-of-29 shooting.

The end was frantic. After Stockton's shot in the lane, Toni Kukoc nailed a long 3-pointer with 5.4 seconds left to trim the lead to 86-85.

But Stockton hit two free throws with 3.5 seconds left to seal the victory, and Scottie Pippen's desperation 3-pointer bounced high off the rim to end the game.

Stockton scored 7 of his 24 points in the extra period, compensating for Malone's awful night from the field. Malone, who made 9 of 25 shots, finished with 21 points and 14 rebounds, while Bryon Russell added 15 points for Utah. Pippen finished with 21 points for the Bulls, but missed 12 shots.

Chicago's Luc Longley forced the overtime with a lean-in jump shot off the glass with 14.3 seconds left in regulation, then had the most critical turnover of the game in overtime. With 30 seconds remaining, he lost the ball as he dribbled toward the basket. After a scrum on the floor, Russell grabbed the ball while he was in a prone position and smartly called time out.

The best-executing team in basketball would have a chance to put Jordan away for good. With Kerr riding his left elbow, Stockton delivered the final blow. He received a screen from Malone at the top of the key and penetrated into the lane, lofting the high-arching runner.

"That was John Stockton, pure and simple," Russell said. "No nerves. He may be small, but he played huge."

Jackson went to his bench after the third quarter, hoping to give Jordan the rest he needed to take care of business in the final minutes. It worked for a while — Scottie Burrell, Jud Buechler and Kerr did a good job of preventing the Jazz from taking over the game — but eventually Utah wore Chicago down.

Jordan was Jordan when he needed to be. He brought Chicago to within 2 points in the overtime on a perfect swish, turning around on the left baseline with both Russell and the 7-2 Greg Ostertag in his face and dropping in a 15-footer to make it 84-82 with 2 minutes 7 seconds left.

But on the next possession, the flame flickered. He was caught holding the ball and trying to force a shot as the shot clock expired with 1:18 remaining.

The Jazz led by 73-66 with 4:38 left in regulation when the Bulls regained their composure and their grip. Jordan created space for himself and made pull-up jumpers on consecutive possessions. Then Pippen added a devastating 3-pointer from the top of the key with 2:34 left. That shot silenced the building and tied the score at 75-75.

Malone was atrocious from the field. Perhaps he was feeling the strain of last season's finals, in which he missed several crucial free throws to help the Bulls win in six games. Maybe the taped and misshapen middle finger on his shooting hand was bothering him more than he admitted before the series began.

Dennis Rodman was expected to start for the Bulls, but the club announced that he had suffered torn ligaments in his right thumb during Game 7 of the Indiana series. Instead, Kukoc got the nod and the Bulls suffered physically for it.



John Stockton of the Jazz starting to shoot the winning basket over Steve Kerr, No. 25, of the Bulls in the opening game of the NBA finals.

Wood Controls the Marlins

His 9 Strikeouts Help Put Cubs 10 Games Over .500

The Associated Press

Kerry Wood was his usual solid self and Sammy Sosa hit a two-run homer as the Cubs beat the Florida Marlins, 5-1, at Wrigley Field.

While Liván Hernandez (3-4) was getting rocked for 10 hits and 5 runs in seven innings on Wednesday night,

NL ROUNDOUP

Wood (6-2) was rolling. He struck out nine batters and gave up five hits in eight innings as he won his fifth straight decision.

The Cubs (34-24) moved 10 games over .500 for the first time since finishing the 1989 season at 93-69 — the last time Chicago made the postseason.

Scott Servais hit a two-run double in the fourth to put the Cubs up 2-1 and Sosa hit his 16th home run of the year, and seventh in six games, to make it 4-1 in the fifth.

Giants 8, Reds 5 Brian Johnson hit two home runs as host San Francisco won its sixth straight. Shawn Estes (5-5) won his third straight decision, carrying a four-hit shutout into the seventh before the Reds touched him for five runs.

Johnson had three hits and is 14-for-38 with seven home runs and 13 RBIs since coming off the disabled list May 20.

Pirates 3, Mets 0 Jon Lieber out-dueled Rick Reed with eight shutout innings, and Aramis Ramirez's first career hit helped host Pittsburgh finish off a three-game sweep of New York.

Ramirez was 0-for-24 in the majors before his two-run double in the seventh.

Lieber (3-7) allowed four hits in eight innings. Jason Christensen pitched the ninth for his first save of the season.

Expos 3, Phillies 2 In Philadelphia, Robert Perez's two-out RBI single in the eighth snapped a tie and helped Carlos Perez get his sixth straight victory.

Perez (6-3) gave up seven hits and two runs, walked none and struck out four in his second complete game of the season.

Braves 5, Brewers 2 In Milwaukee, Tom Glavine joined his Atlanta teammate Greg Maddux and Pittsburgh's Jason Schmidt as one of the National League's three eight-game winners, allowing one run in 6 1/3 innings.

Glavine (8-2) allowed six hits and had six strikeouts in his fourth straight victory. Mark Wohlers pitched the ninth inning for his eighth save, completing the Braves' three-game sweep.

Rockies 3, Diamondbacks 2 In Denver, Vinny Castilla hit a two-run homer, his 22nd of the season, off Gregg Olson (1-3) in the bottom of the ninth inning.

Astros 8, Padres 2 Sean Bergman beat his former San Diego teammates for the first time, pitching a complete game and hitting a two-run single as Houston routed the host Padres. Bergman (5-3) allowed 10 hits and had five strikeouts.

Dodgers 7, Cardinals 4 In Los Angeles, Eric Karros had four hits, including a home run off Mark Petkovsk (3-2), and drove in five runs. Ramon Martinez (7-2) pitched seven strong innings for the Dodgers, allowing five hits and two runs.

Cuban's Dandy Debut

Refugee's Journey Ends at Yankee Stadium

By Buster Olney
New York Times Service

NEW YORK — Before throwing his first pitch for the Yankees, Orlando Hernandez stood behind the mound for several seconds and stared around the outfield at Yankee Stadium. These were moments to remember for Hernandez, the realization of a lifelong goal and the culmination of a harrowing journey that began six months ago with a risky escape from Cuba and ended last night on baseball's grandest stage.

Hernandez, forbidden to play baseball in Cuba by officials who feared that he would defect, survived that trip in a makeshift sailboat in December and signed with the Yankees this spring training. He performed so well in the minor leagues that he was promoted to pitch at Yankee Stadium against the Tampa Bay Devil Rays on Wednesday night.

The crowd roared when he was introduced, cheered him when he walked to the mound and burst out with more cheers when he struck out the game's first batter, Quinton McCracken.

Hernandez left the game after seven innings, getting the victory as the Yankees won, 7-1. He gave up one run on five hits with two walks and seven strikeouts. The Yankees intended to return him to the minor leagues Thursday and recall him later in the season.

Known as El Duque, the nickname given to his father, Hernandez was a star on Cuba's national team. As a child, he has said, he rooted for the Yankees and hoped he could play in Yankee Stadium. His younger half-brother, Liván, defected from Cuba in 1995 and signed with the Florida Marlins. Liván Hernandez was a World Series hero for the Marlins last October.

Orlando Hernandez is the latest of a handful of defectors from Cuba who are slowly making an impact in the major leagues. Rey Ordóñez, the New York Mets' shortstop, won a Gold Glove award last season for his defensive brilliance, and Rolando Arrojo of Tampa Bay has been one of the American League's best pitchers this season.

After his brother's defection, Cuban

authorities suspected that Orlando would also try to leave. So even though he was a star pitcher, they banned him from life from the national team in October 1996.

Other players who had defected, such as Liván Hernandez and Ordóñez, had walked away while the national team was playing in other countries. Orlando Hernandez would not get that chance.

After he was banned, Hernandez, who is 32 years old by some accounts, and 28 by his own, worked briefly in a psychiatric hospital, earning, he said, less than \$10 a month. He said that before Christmas, government officials visited him and warned him against any embarrassing action, because the Pope was scheduled to visit Cuba.

With that, Hernandez was determined to leave.

On the morning of Dec. 6, he and seven others, including his wife, Noris Bosch, boarded a 20-foot sailboat made of scraps, carrying only several cans of processed meat, some fresh water and sugar. It was a dangerous flight. Arrojo said Wednesday that while he was seeking to flee Cuba, he never considered leaving on a boat.

After 10 hours, Hernandez and his group landed on Anguilla Cay, a small, deserted spit of land that belongs to the Bahamas; for several days — Hernandez has been unclear whether it was three or four — they huddled under a sail for warmth and survived on seaweed and conch. They were spotted by a U.S. Coast Guard helicopter and transported to the Bahamas.

Hernandez was offered a visa by the United States, but he established residence in Costa Rica instead, a firsthand experience in capitalism; had he taken, up U.S. residence, he would have been subject to Major League Baseball's amateur draft and could negotiate only with the team that drafted him. But by going to Costa Rica, he became a free agent, and could field offers from all teams.

The Yankees signed Hernandez on March 7 to a four-year, \$6.6 million contract — more than twice what executives with other bidders said they had offered.

Clemens Rights Himself

The Associated Press

Roger Clemens pitched a four-hitter for his first complete game of the season and Shawn Green drove in two runs as the Toronto Blue Jays beat the Detroit Tigers, 5-1.

Clemens (6-6), who had lost three of his previous four starts, struck out 10 and walked none Wednesday night as

AL ROUNDOUP

the host Jays ended a three-game losing streak and handed the Tigers their fourth consecutive loss.

Orioles 3, Red Sox 0 In Boston, Doug Johnson allowed four hits over 7 1/3 innings and Eric Davis had an RBI double as the resurgent Orioles won for the eighth time in 11 games.

Johns (2-1), back at full strength after a stint on the disabled list because of insomnia, didn't give up a hit until Damon Buford's leadoff single in the sixth. He has allowed only four earned runs in 24 1/3 innings in his last three starts.

Twins 3, Indians 2 Marty Cordova's two-out, two-run single in the eighth inning gave Minnesota a victory over visiting Cleveland.

Cleveland took a 2-1 lead in the sev-

enth when David Justice led off with his 11th homer of the season. But the Twins rallied in the eighth.

White Sox 10, Royals 5 One night after, brawling with the Anaheim Angels, the Kansas City Royals went down without a fight.

Wil Cordero went 4 for 5 with three doubles and Magglio Ordonez had a career-high four runs batted in as visiting Chicago beat the Royals for their 10th straight victory in Kauffman Stadium.

Angels 8, Mariners 1 In Seattle, Damon Masore triggered a five-run inning by hitting a tie-breaking homer off Randy Johnson in the seventh, and Cinck Finley pitched eight strong innings for Anaheim.

After Masore's second homer of the season broke a 1-1 tie, the Angels chased Johnson (5-4).

Rangers 16, Athletics 10 In Oakland, Juan Gonzalez and Luis Alicea bombed in a six-run fifth inning and Texas withstood Rickey Henderson's grand slam to beat the Athletics.

Aaron Sele, denied in his bid to become the majors' first nine-game winner, took a 12-6 lead into the bottom of the fifth, but gave up three straight singles before Henderson connected.

Stars' Victory Forces Game 6

The Associated Press

DALLAS — Jamie Langenbrunner's shot from beyond the blue line gave the Dallas Stars a 3-2 overtime victory over the defending Stanley

NHL PLAYOFFS

Cup champion Detroit Red Wings, keeping the Stars alive in the Western Conference finals.

Game 6 will be played in Detroit on Friday night with the Red Wings leading the best-of-seven series, 3-2. Langenbrunner's rocket shot came just 46 seconds into overtime on Wednesday night. The puck took a

little hop on the soft ice and beat Chris Osgood, the Red Wings' goalie, on his stick side. It was Langenbrunner's first goal of the postseason.

"I was definitely surprised it went in," Langenbrunner said. "I was just trying to get a shot on net. I just crossed the red line and shot."

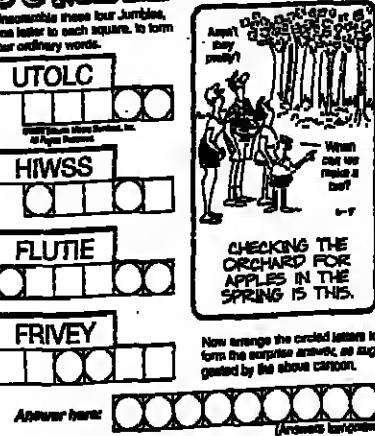
Detroit's coach, Scotty Bowman, refused to blame his goalie for the defeat. "We lose as a team," Bowman said. "We won two at home, so we know we can win there."

Guy Carbonneau's wrist shot into the upper left-hand corner of the net beat Osgood to tie the game, 2-2, with 1:25 left in regulation.

DENNIS THE MENACE



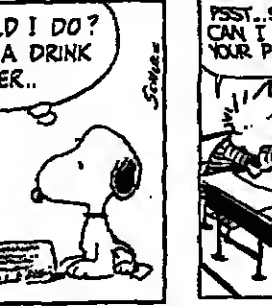
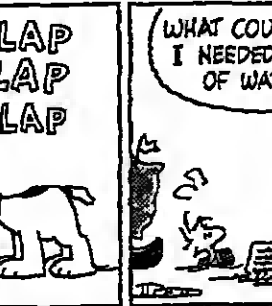
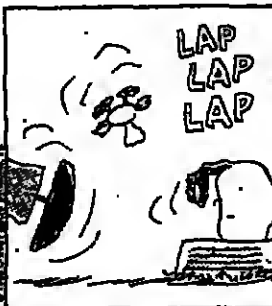
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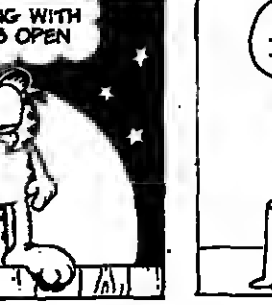
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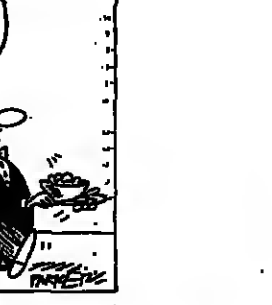
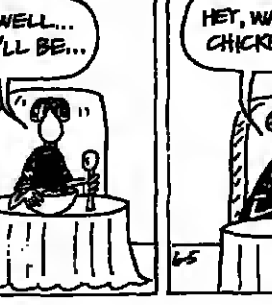
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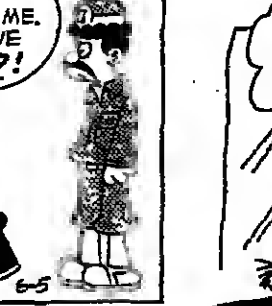
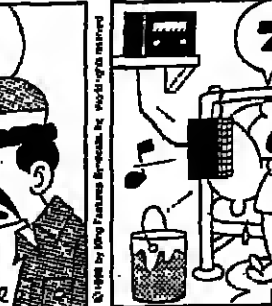
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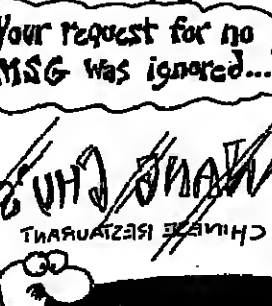
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